Austria Sch22	Indonesia Rp3100	Portugal Esc120
Bahrain Din0.650	Israel IS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1700	Singapore S$4.10
Canada C$1.00	Japan Y500	Spain Pta145
Cyprus C£0.90	Jordan Fils500	Sri Lanka Rup30
Denmark DKr10.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $L125.00	Switz SFr2.30
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rm4.25	Thailand Bht50
Germany DM2.30	Mexico Peso300	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,647 Wednesday September 21 1988 D 8523 A

PANAMA CRISIS

Noriega may change his political tack

Page 3

World News

Burmese troops tighten their grip

The Burmese army tightened its grip on the streets of Rangoon following Monday's onslaught against demonstrators during which 500 people may have died. Page 22

Soviet naval plea

The Soviet Union is hoping for progress towards reductions in super power naval activity in the Nordic and Arctic seas, Mr Eduard Shevardnadze, the Soviet Foreign Minister, emphasised in a Copenhagen speech last night. Page 22

Islamabad hit

Radio Kabul reported that at least 62 people were killed when Afghan rebels fired rockets into the capital.

Beirut blast

A car bomb tore through a shopping centre in Christian east Beirut killing five people and wounding 25. Jumblatt warning, Page 5

Haiti army shuffle

Haiti's new ruler, Gen Avril Prosper, replaced army chief Gen Carl Nicholas with Gen Herard Abraham; foreign minister under Gen Henri Namphy following the weekend coup.

Bulgarian defects

A member of Bulgaria's parliament applied for political asylum at a Turkish consulate in northern Greece saying she and her family wanted to join relatives.

Dutch tax cuts

The Dutch Government unveiled a moderate budget that trims taxes and eases austerity in 1989. Page 2

Poland seeks PM

Gen Jaruzelski, Poland's party leader, began the search for a prime minister following the fall of Zbigniew Messner's Government. Page 2

Howe tour ends

Sir Geoffrey Howe, UK Foreign Secretary, ended his tour of five African states with a reinforced commitment to Mozambique and a warning to Pretoria. Page 5

Delhi frees Sikhs

India said it was withdrawing charges against 138 imprisoned Sikh extremists in a goodwill gesture on the eve of Prime Minister Gandhi's first visit to the Punjab. Page 5

CIA claim

The CIA has planted operatives in Nicaragua to stir up protests and provoke the Sandinista Government into overreacting, US House of Representatives Speaker Jim Wright claimed. Talks blocked, Page 3

Armenia tension

Crowds of Armenians gathered in the republic's capital, Yerevan, after ethnic clashes in Nagorno-Karabakh which left one Armenian dead and 24 people wounded.

Sanctions spin-off

Taiwan has benefited from trade restrictions against South Africa introduced by the US and other countries, a study says. Page 6

Bear lift

One thousand teddy bears are being flown to three Latin American countries in a "bear-lift" to meet the emotional needs of orphaned or abandoned children.

Business Summary

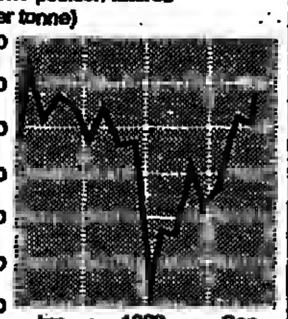
Specialist in buyouts offers $4.6bn for Kroger

KROGER, second-largest US supermarket chain, has received a $58.50 a share proposal from buyout specialist Kohlberg Kravis Roberts that values the group at about $4.6bn. Page 28

COFFEE prices rose sharply in London as talks on next year's global export quota continued. The three-month robusta contract on the London Futures and Options

Coffee

Second position futures (£ per tonne)



Exchange closed £38 ($63.8) a tonne higher at £1,142, the highest level since June 17. Page 46

JAPAN'S national output fell by 1 per cent in the second quarter compared with the first, prompting some slight concern that the country's economy might be slowing down faster than predicted.

CLYDE Petroleum, the independent UK oil company, is spending $234.3m to buy the oil and gas interests in the Netherlands of Newmont Mining, the debt-laden US group. Clyde will fund the deal through a three-for-four rights issue. Page 23

US CONSUMER prices at 5.5 per cent were higher than had been expected in the second quarter and growth was slightly slower. GNP expanded at a revised seasonally adjusted annual rate of 3 per cent. Page 3

BATTLE for control of Donnay, the bankrupt Belgian producer of world famous tennis rackets, yesterday ended in victory for Mr Bernard Tapie, the French entrepreneur. Page 23

POLAROID, the US instant photography group, which rejected a $42 a share bid by Shamrock Holdings Inc, told regulators it expects to continue previous negotiations with unidentified third parties on a sale of a minority, non-controlling stake in Polaroid. Page 24

INTERCO, the largest US furniture and footwear maker, hopes to thwart a hostile takeover by paying its shareholders large special dividends funded by heavy borrowing and the sale of several key businesses. Page 24

ENTIRE board of Bank Leumi, Israel's second biggest bank, is expected to be replaced within the next fortnight following pressure by the Bank of Israel. Page 27

SANOFI, the French pharmaceutical group controlled by the Elf-Aquitaine oil group, has reported a significant increase in its first-half consolidated net profits to FFr534m ($84m) from FFr258m in first half of last year. Page 26

PEARSON, the publishing, banking and industrial group which owns the Financial Times, announced the purchase of Reda, the leading manufacturer of electric submersible pump systems used in oil production, from the American TRW Group, for $303m cash. Page 29

AGIE, the Swiss machine tool company which experienced a turbulent year in 1987, reported improved sales and earnings for the first six months of 1988. Page 26

Thatcher stresses independence in her vision for EC

By David Buchan in Bruges

MRS Margaret Thatcher, the British Prime Minister, yesterday set out, in the bluntest and most wide-ranging terms, her vision of a Europe of "independent, sovereign nations" co-operating practical-step by practical-step to build a European Community fostering free enterprise at home and free trade abroad.

Addressing the College of Europe in the Belgian city of Bruges, Mrs Thatcher staked out the ground on which she will challenge over the coming months calls by the European Commission and some other Community member states for new monetary, tax and social initiatives, and any shift in political decision-making towards Brussels.

Mrs Thatcher's speech, politely received by a generally pro-federalist audience in Bruges' medieval market hall, will come as little surprise to many of her fellow EC leaders and to the Commission, whose President, Mr Jacques Delors, is an admirer of the clarity, although not the substance, of the British leader's views.

Commission officials in Bruges for the speech said they saw nothing positive in her vision of Europe.

Mr Leo Tindemans, the Belgian Foreign Minister, called the speech "a beautiful piece of literature" but said that Mrs Thatcher could change. "She is intelligent, and, when she sees some measures have to be taken, she will eventually accept them."

Nonetheless, Mrs Thatcher has flung down a gauntlet which the Commission cannot but pick up if it wants to stick to its plans to give the Community's internal market wider monetary and social dimensions.

She issued a call for Europe to be "a family of nations ... but relishing our national identity no less than our common European endeavour.

"We have not successfully rolled back the frontiers of the state in Britain only to see them reimposed at a European level, with a European super-state exercising a new dominance," she said.

There had to be a Europe which "looks outward not inward and which preserves that Atlantic Community – that Europe on both sides of the Atlantic – which is our noblest inheritance and our greatest strength."

She set out five "guiding principles":

● "Willing and active co-operation" between independent sovereign states was the best way to build the Community, rather than forced centralisation.

"To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and jeopardise the objectives we seek to achieve," she claimed.

Clearly directing her words to Mr Delors' recent prediction that in 10 years time, 80 per cent of economic decisions would be taken in Brussels, she said that the history of US federalism was a false parallel for Europe. People emigrated to the US to become American; Europeans, on the other hand, wanted to retain their "different traditions, parliamentary powers, and sense of national

Continued on Page 22

Speech extracts, Page 2; Editorial comment, Page 20

Offers the Japanese job-seeker finds hard to refuse

By Stefan Wagstyl in Tokyo

UNSCRUPULOUS Japanese companies, facing a nationwide shortage of university graduates, are resorting to kidnapping potential recruits to keep them out of the hands of rival employers.

They are taking students away on week-long trips to Hawaii, Hong Kong and California, or else to Japanese resorts, to stop them attending other employers' recruiting sessions. While some students have been happy to go away on what amount to free holidays, others have complained of being bullied and harrassed by recruiting managers and of being held against their will.

Those going on foreign trips have generally been given advance warning. But others have arrived at company headquarters in Tokyo or Osaka expecting to attend an hour-long introductory meeting, only to find themselves herded on to a coach and whisked off to a mountain or seaside resort for a week.

Mr Yoji Maeda, an official of Nikkeiren, a Japanese employers' federation, says: "We call it confinement. It is difficult to say which students are going willingly and which are not, because they are all looking for a job. But some have suffered mental depression from being treated like this."

The practice is not illegal, says Mr Maeda, but companies have signed an agreement not to treat students in this way.

With the recruiting season at its height for students who graduate next April, Nikkeiren is receiving calls almost daily on a special line opened this summer. So far 131 students have complained about 73 companies taking them away for a night or more. A further 94 young people have accused 50 companies of holding them against their will at day-long meetings which prevented them from going to see other companies on the same day.

Mr Maeda says that when Nikkeiren checks the complaints they usually find the students are justified. He telephones recruitment managers urging them to abide by the Nikkeiren's rules, which they have previously agreed to follow. If a company persists, Nikkeiren telephones the chairman or the president. "That usually works," he says.

While this is not the first year that students have complained of kidnapping, the situation is particularly acute

Continued on Page 22

Paris will let Renault keep state debt net

By William Dawkins in Brussels

PARIS has scrapped plans to strip Renault, the publicly-owned car group, of its state debt guarantees, Mr Roger Fauroux, French Industry Minister, yesterday told the European Commission.

His announcement, at a private meeting with Mr Peter Sutherland, Commissioner for competition policy, could prompt the Brussels authorities to withdraw the consent they gave last March for Paris to write off FFr12bn ($1.89bn) of Renault's debts. The session ended inconclusively yesterday, with both sides promising to continue contacts at official level to sort out what could become a huge political and legal row.

The Commission insists that it sanctioned the debt write-off only on condition that the Government changed Renault's status as a state-guaranteed regie, to that of a normal publicly owned company by the end of this year.

The aim was to force Renault, which cannot go bankrupt under its present regie status, to compete on the same commercial conditions as any business – a stipulation which Brussels believes the French conservative Administration accepted.

However, Mr Fauroux told Mr Sutherland yesterday that under the new Socialist Government, it would be impossible to get the French Parliament to agree to change Renault's status. He was also understood to have argued that EC competition rules give the Commission no right to enforce changes in companies' statutes.

Mr Roger Fauroux

Commission officials showed no signs of changing their position although they said they were happy to explain their thinking further to the French authorities.

An official said there was little chance of reopening the Renault case unless the French Government came forward with a new proposal for the car company, which could well emerge from the official-level meetings to take place over the next weeks.

Brussels is unlikely to soften its stance on Renault so soon after deciding to limit a debt write-off to Rover, the UK car group.

The Commission is also committed to cracking down hard against all kinds of anti-competitive state aid in the run-up to the 1992 deadline for a free internal market, on the grounds that the removal of market barriers will only increase the impact of unfair competitive advantages.

IBM products compatible with other manufacturers'

By Alan Cane in London

INTERNATIONAL Business Machines, the US computer manufacturer, yesterday brought down the curtain on a battle which has engaged the computer industry for more than a decade by announcing a range of products which will make it simpler for IBM computers and those of other manufacturers to communicate with each other.

The announcement will be welcomed by computer users who are becoming increasingly frustrated and bitter at the expense and inconvenience involved in building "multi-vendor networks."

The products, special computer software programs, are designed to allow electronic letters and data files to be transmitted easily between IBM computers and computers from its competitors.

The list of products, almost 50 in number, represents the greatest compromise IBM, the world's largest computer manufacturer, has yet been prepared to make between its own design for the way computers should work together – known as Systems Network Architecture or SNA – and that favoured by the world's standards organisations and by a majority of its competitors, Open Systems Interconnection (OSI).

SNA provides a set of rules for the connection of IBM computers into networks so they can interchange software programs, messages and information. OSI, on the other hand, sets rules for the interconnection of any make of computer to any other make.

While supporting the concept of OSI, IBM has insisted that customers wanting to attach machines of another make to an SNA network must obey SNA rules.

This leaves the competitive manufacturer inevitably at a disadvantage. IBM controls the detailed specification of SNA and has advance knowledge of how it may develop. Furthermore, SNA is designed to favour the operation of IBM hardware and software.

Vendors such as Unisys, Honeywell Bull, Siemens and ICL have put their weight behind OSI in order to "level the playing field." Moreover, in the past few years, customers have made clear that they want to be able to connect together computers from different manufacturers into networks without paying a cost and convenience penalty.

Essentially the announcement leaves IBM with all the advantages of its investment in SNA while providing a standard "gateway" through which foreign computers can communicate with IBM machines.

Ford aims to lift European output

By John Griffiths in London

FORD plans to increase its vehicle output in Europe by as much as 18 per cent over the next 12-18 months, Mr Alex Trotman, Ford of Europe's chairman and chief executive, said yesterday.

But this increase over the 1.8m units expected to be built during 1988 will be achieved by clearing production bottlenecks in the company's assembly plants rather than by expanding assembly capacity, said Mr Trotman.

At the same time, he sought to dispel a belief among workers at Ford's engine plant in Bridgend, Wales, that Ford had decided Bridgend would be the site for making a new range of engines to power many of Ford's European cars during the 1990s.

Mr Trotman insisted that no final decision had been taken on the project, which is understood to involve much more than the £180m ($300.6m) originally spent on Bridgend plant

Continued on Page 22

Shooting raises fears for IMF, World Bank talks in Berlin

By David Marsh in Bonn

ANXIETY about violence at next week's International Monetary Fund and World Bank meetings in Berlin grew yesterday after Mr Hans Tietmeyer, a senior official in the West German Finance Ministry, was fired at in an abortive shotgun attack in Bonn.

Mr Tietmeyer's car was attacked as he left for work from his home in the suburb of Bad Godesberg yesterday. A tyre was damaged but the official and his chauffeur were unhurt. Mr Tietmeyer, state secretary in the ministry, is one of West Germany's key economic policy officials and is closely involved in preparations for the Berlin IMF gathering at the weekend.

Police were later hunting two masked men seen nearby. The nature of the attack seemed to rule out the professional hard-core German terrorists of the Red Army Faction. But security officials believe it could have been the work of members of the loose network of RAF "sympathisers" who are also responsible for random violence.

Anarchist German groups protesting about allegedly repressive IMF and World Bank policies towards the Third World have been threatening to disrupt next week's gathering, which will be the largest international conference held in post-war Germany. Fears of trouble have been stoked by recent arson attacks in West Berlin.

On Monday night about 30 masked demonstrators stormed a debate on the IMF meeting in Hamburg, attacking Mr Guenter Grosche, West Germany's executive director in the IMF, as well as a Social Democratic Party deputy, Mr Ingomar Hauchler.

Gerhard Stoltenberg, the Finance Minister, said yesterday: "The Government, and I personally, are deeply shaken. We must assume that this awful incident is connected to the forthcoming annual meeting of the World Bank and IMF in Berlin."

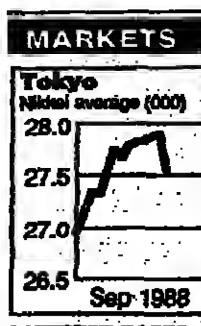
Mr Stoltenberg said new ideas were needed to solve problems caused by the developing countries' indebtedness. Mr Hans Klein, the Bonn Development Minister, who will be co-hosting with Mr Stoltenberg next week's Berlin sessions, indicated that the Government was considering further measures to lower the interest rate burden on developing nations. Bonn has announced action so far, including previous years, to waive DM7.5bn ($4.2bn) of development aid debts owed by the poorest countries.

Mr Klein called on the World Bank to adopt conditions in its lending to developing countries to guard against damage to the environment in the Third World.

MARKETS

Tokyo

Nikkei average (000)



INTEREST RATES
US lunchtime:
Federal Funds: 8% (same)
3-mth Treasury Bills: yield: 7.4% (7.356)
Long Bond: 100¾ (same)
yield: 9.04% (9.044)
London
3-month Interbank: close 12% (12¼)

STERLING
New York lunchtime
$1.6810 (1.6785)
London:
$1.6860 (1.6785)
DM3.1425 (3.1375)
FFr10.6850 (10.6625)
SFr2.6550 (2.65)
Y225.50 (224.25)

DOLLAR
New York lunchtime
DM1.8677 (1.8675)
FFr6.3495 (6.349)
SFr1.5770 (1.578)
Y134.12 (133.65)
London:
DM1.8640 (1.8695)
FFr6.3375 (6.3525)
SFr1.5740 (1.5795)
Y133.80 (133.65)

GOLD
New York lunchtime:
Comex Dec
$411.3 (415.45)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av.
2,087.30 (+6.0)
S&P Comp
269.36 (+.54)
London:
FT-SE 100
1,772 (+12.2)
World:
125.03 (Mon)
Tokyo
Nikkei Av
27,548.58 (-352.42)
Frankfurt
Commerzbank
1,558.7 (-8.5)

OIL
Brent 15-day (Argus)
$13.425 (+.29) (Oct)
West Tex Crude
$14.545 (+.35) (Nov)

CONTENTS

EUROPEAN NEWS

MRS THATCHER'S SPEECH AT BRUGES

Emphasis placed on sovereign identity of European state

The following are extracts from Mrs Thatcher's speech to the opening ceremony of the 39th academic year of the College of Europe, Bruges.

I want to start by disposing of some myths about my country, Britain and its relationship with Europe. And to do that I must say something about the identity of Europe itself.

Europe is not the creation of the Treaty of Rome.

Nor is the European idea the property of any group or institution. We British are as much heirs to the legacy of European culture as any other nation. Our links to the rest of Europe, the continent of Europe, have been the dominant factor in our history.

. . . The European Community belongs to all its members and must reflect the traditions and aspirations of all of them in full measure.

And let me be quite clear. Britain does not dream of some cosy, isolated existence on the fringes of Europe. Our destiny is in Europe, as part of the Community. That is not to say that it lies only in Europe. But nor does that of France or Spain or indeed any other members.

The Community is not an end in itself. It is not an institutional device to be constantly modified according to the dictates of some abstract theory. Nor must it be ossified by endless regulation. It is the practical means by which Europe can ensure its future prosperity and security of people in a world in which there are many other powerful nations and groups.

. . . I want this evening to set out some guiding principles for the future which I believe will ensure that Europe does succeed, not just in economic

Thatcher: Nato's strength

and defence terms but in the quality of life and the influence of its people.

Willing co-operation between sovereign states

My first guideline is this: willing and active co-operation between independent sovereign states is the best way to build a successful European Community.

To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeopardise the objectives we seek to achieve.

Europe will be stronger precisely because it has France as France, Spain as Spain, Britain as Britain, each with its own customs, traditions and identity. It would be folly to try to fit them into some sort of identikit European personality.

. . . I am the first to say that on many great issues the countries of Europe should try to speak with a single voice. I want to see them work more closely on the things we can do better together than alone. Europe is stronger when we do so, whether it be in trade, defence or in our relations with the rest of the world. But working more closely together does not require power to be centralised in Brussels or decisions to be taken by an appointed bureaucracy.

Indeed, it is ironic that just when those countries such as the Soviet Union, which have tried to run everything from the centre, are learning that success depends on dispersing power and decisions away from the centre, some in the Community seem to want to move in the opposite direction.

We have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European level, with a European super-state exercising a new dominance from Brussels.

Certainly we want to see Europe more united and with a greater sense of common purpose. But it must be in a way which preserves the different traditions, parliamentary powers and sense of national pride in one's own country, for these have been the source of Europe's vitality through the centuries.

Encouraging Change

My second guiding principle is this. Community policies must tackle present problems in a practical way, however difficult that may be. If we cannot reform those Community policies which are patently wrong or ineffective and which are rightly causing public disquiet, then we shall not get the public's support for the Community's future development.

That is why the achievements of the European Council in Brussels last February are so important.

It wasn't right that half the total Community Budget was being spent on storing and disposing of surplus food. Now those stocks are being sharply reduced.

It was absolutely right to decide that agriculture's share of the budget should be cut in order to free resources for policies, such as helping the less well-off regions and training for jobs.

It was right too to introduce tighter budgetary discipline to enforce these decisions and to bring total EC spending under better control.

. . . But we cannot rest on what we have achieved so far. For example, the task of reforming the Common Agricultural Policy is far from complete. Certainly, Europe needs a stable and efficient farming industry.

But the CAP has become unwieldy, inefficient and grossly expensive. And production of unwanted surpluses safeguards neither the income nor the future of farmers themselves.

We must continue to pursue policies which relate supply more closely to market requirements, and which will reduce overproduction and limit costs.

Of course we must protect the villages and rural areas which are such an important part of our national life – but not by the instrument of agricultural prices.

My third guiding principle is the need for community policies which encourage enterprise if Europe is to flourish

The basic framework is there: the Treaty of Rome itself was intended as a charter for Economic Liberty. But that is not how it has always been read, still less applied.

The lesson of the economic history of Europe in the '70s and '80s is that central planning and detailed control don't work, and that personal endeavour and initiative do. That a state-controlled economy is a recipe for low growth; and that free enterprise within a framework of law brings better results.

The aim of a Europe open for enterprise is the moving force behind the creation of the Single Economic Market by 1992. By getting rid of barriers, by making it possible for companies to operate on a Europe-wide scale, we can best compete with the United States, Japan and the other new economic powers emerging in Asia and elsewhere.

It means action to free markets, to widen choice and to produce greater economic convergence through reduced government intervention.

Our aim should not be more and more detailed regulation from the centre: it should be to deregulate, to remove the constraints on trade and to open up.

. . . Consider monetary matters. The key issue is not whether there should be a European Central Bank. The immediate and practical requirement are:

● to implement the Community's commitment to free movement of capital – we have it;

● and to the abolition throughout the Community of the exchange controls – we abolished them in Britain in 1979, so that people can invest wherever they wish.

● to establish a genuinely free market in financial services, in banking, insurance, investment.

● to make greater use of the Ecu. Britain is this autumn issuing ecu-denominated Treasury bills, and hopes to see other Community governments increasingly do the same.

These are the real requirements because they are what Community business and industry need if they are to compete effectively in the wider world. And they are what the European consumer wants, for they will widen his choice and lower costs.

It is to such basic practical steps that the Community's attention should be devoted. When those have been achieved, and sustained over a period of time, we shall be in a better position to judge the next moves.

It is the same with the frontiers between our countries. Of course we must make it easier for goods to pass through frontiers. Of course we must make it easier for our people to travel throughout the community. But it is a matter of plain commonsense that we cannot totally abolish frontier controls if we are also to protect our citizens and stop the movement of drugs, of terrorists, of illegal immigrants. That was underlined graphically only three weeks ago, when one brave German customs officer doing his duty on the frontier between Holland and Germany struck a major blow against the terrorists of the IRA.

And before I leave the subject of the single Market, may I say that we emphatically do not need new regulations which raise the cost of employment and make Europe's labour market less flexible and less competitive with overseas suppliers.

Europe open to the world

My fourth guiding principle is that Europe should not be protectionist. The expansion of the world economy requires us to continue the process of removing barriers to trade, and to do so in the multilateral negotiations in the Gatt.

It would be a betrayal if, while breaking down constraints on trade to create the Single Market, the Community were to erect greater external protection. We must ensure that our approach to world trade is consistent with the liberalisation we preach at home.

We have a responsibility to give a lead here, a responsibility which is particularly directed towards the less developed countries. They need not only aid but more than anything they need improved trade opportunities if they are to gain the dignity of growing economic independence and strength.

Europe and Defence

My last guiding principle concerns the most fundamental issue, the European countries' role in defence. Europe must continue to maintain a sure defence through Nato. There can be no question of relaxing our efforts even if it means taking difficult decisions and meeting heavy costs. We are thankful for the peace that Nato has maintained over 40 years. The fact is things are going our way: the democratic model of a free enterprise society has proved itself superior; freedom is on the offensive, a peaceful offensive, the world over for the first time in my life time.

We must strive to maintain the US commitment to Europe's defence. That means recognising the burden on their resources of the world role they undertake and their point that their allies should play a full part in the defence of freedom, particularly as Europe grows wealthier. Increasingly they will look to Europe to play a part in out of area defence, as we have certainly done in the Gulf.

. . . Each member of the Alliance must shoulder a fair share of the burden.

We must keep public support for nuclear deterrence, remembering that obsolete weapons do not deter, hence the need for modernisation.

We must meet the requirements for effective conventional defence in Europe against Soviet forces which are constantly being modernised.

We should develop the WEU, not as an alternative to Nato, but as a means of strengthening Europe's contribution to the common defence of the West.

The British Approach

I believe it is not enough just to talk in general terms about a European vision or ideal. If you believe in it, you must chart the way ahead. That's what I have tried to do this evening.

This approach does not require new documents: they are all there, the North Atlantic Treaty, the Revised Brussels Treaty, and the Treaty of Rome, texts written by far-sighted men – a remarkable Belgian, Paul Henri Spaak – among them. . . .

Reforms bankrupt Soviet enterprises

By Quentin Peel in Moscow

SOME 50 Soviet enterprises, ranging from a major tractor-engine plant in Kharkov to timber factories in Krasnoyarsk and Archangelsk, construction companies, footwear and clothing manufacturers, have been declared either insolvent or bankrupt under Moscow's economic reforms.

However the fate of the enterprises still lies in the balance, because of the absence of any bankruptcy law.

A list of more than 30 enterprises declared "insolvent" by two leading state banks - the Industrial Construction Bank (Promstroibank) and the Housing and Social Bank (Zhilsotsbank) - was published yesterday, as part of the new hard-line attitude by reformers to loss-making enterprises.

Such operations cost the Soviet state more than Rs11bn (£10bn) a year in subsidies. The Government has commissioned a plan to "re-profile" or actually "liquidate" loss-making plants.

However the absence of clear bankruptcy legislation means that many plants are still kept going by their ministries, even when state banks have refused further credit.

The list of insolvent enterprises was published yesterday by the newspaper Sotsialisticheskaya Industria, and others have been named by Trud.

"Some enterprises for which there is no further use will have to be liquidated," according to Mr M.Zotov, chairman of the Promstroibank. "Others will be "re-profiled" to produce goods which are in demand. It is true, we still do not know who will be responsible for devising such a programme - the Ministries or the enterprises themselves"

"We say we are declaring enterprises insolvent. We do not want to alarm them by calling them bankrupt - this term does not yet exist in our economy."

In spite of the uncertainty, the new Soviet Law on State Enterprises, which came into effect last year, provides for insolvent enterprises to be "liquidated" if they do not resolve their financial problems in six months.

In the past such loss-making operations have been allowed to continue indefinitely. "We reconciled ourselves to these dependent enterprises, investing millions of roubles in them, covering up for poor management in the hope that they would recover," according to Mr G.Levin, deputy head of planning at the bank.

"Firstly, we inform all suppliers, who stop dispatching their goods to the enterprise," he said. "We also inform buyers from the enterprise. They must be informed who they are dealing with, and start looking for more reliable partners."

"The next step is to recall all credit awarded to the enterprise: if it has not spent the credit, then the bank confiscates the money. All further funds entering the account of the enterprise are automatically deducted to clear off the debts, and no further credit is granted, of course."

Mr Levin said that if funds were still inadequate, the "redemption laws" can be applied, and the enterprise sold.

So far, however, there have been no reports of outright liquidation of firms, though some have been broken up and sold off on "contract leases" to co-operatives of ex-workers.

Some ministries refuse to accept that the enterprises under their control are technically bankrupt.

Trud newspaper reports that the Ministry of Oil and Gas Construction decided knowing that nine of its enterprises being declared bankrupt.

The newspaper concluded that the Soviet Union now needs not only a bankruptcy law, but also a law of social protection for the resulting jobless workers.

● Large crowds of Armenians gathered outside the Communist Party headquarters and the Supreme Soviet in the republic's capital, Yerevan, yesterday after ethnic clashes in the disputed Soviet region of Nagorno-Karabakh in which an Armenian died and 24 were wounded, Reuter reports from Moscow.

Community plans toxic waste talks

By Tim Dickson in Madrid

THE highly-charged issue of trade in toxic waste with the Third World is likely to be raised next month in talks on a new aid agreement between the European Community and the 66 African, Caribbean and Pacific countries known as the ACP bloc.

Mr Lorenzo Natali, the EC's Commissioner for Development, told a conference in Madrid yesterday he wanted an automatic consultations procedure built in to the next Lomé convention between the EC and developing countries so that Brussels and the ACP members can react quickly to incidents which seriously threaten the environment.

Mr Netali'e initiative, announced in a debate on toxic waste-dumping at a joint EC-ACP parliamentary assembly, seems certain to form part of the EC'e mandate for the Lomé negotiations.

Under EC rules agreed in 1986, transporters of waste have to seek consent from the country of destination and proof of technical capacity.

Mr Netali admitted yesterday EC law was being flouted and significant quantities had been sent to African countries unable to deal with it.

EC labour ministers back single market jobs proposals

By Andriana Ierodiaconou in Athens

EUROPEAN Community labour ministers gave broad political approval yesterday to a package of Commission proposals attempting to allay workers' fears that the 1992 single market will spell higher unemployment, and lower living and labour standards.

Creating an EC "social space" is also the priority of the Greek presidency which hopes enough progress will be made to construct a discussion on the subject at the December summit in Rhodes.

The package, designed by Mr Jacques Delors, the Commission president, along with Mr Manuel Marin, the social affairs commissioner, was presented to ministers for the first time at yesterday's informal social affairs council in Athens.

The most noteworthy national attitude at the council was the quiescent one of Britain, which at the Hanover EC summit at the end of June stood out in opposing action on the social front as social engineering.

According to Mr John Cope, Britain's minister for employment, consensus was made possible in Athens by the fact that the Commission package "showed more realism" than had been expected on the basis of ideas originally floated in Brussels on the harmonisation of social legislation.

Ministers thus were able to agree on the importance of giving the internal market a social dimension, while stressing that the goal should not be uniformity in the social sphere but "harmonisation" that would allow for diverse national conditions as well as for the need of EC enterprises to remain competitive internationally.

The council stressed, however, that the internal market could not be made palatable to the EC public at large unless it improved living standards.

In this context, tackling unemployment, described as the most urgent social problem facing the Community, was indentified as a priority.

Ministers agreed that training was the key to the problem and they laid special emphasis on programmes geared towards new technologies.

On a more concrete level, the council agreed to make a priority a package of Commission directives which are currently in the pipeline on health and safety in the workplace.

Ministers hope that several of the directives will be adopted at the next formal social affairs council in December and the remainder during the Spanish presidency in the first half of next year.

The council side-stepped discussion of labour problems in South Africa, originally on the agenda of yesterday'e council, by deciding to refer the matter to foreign ministers in deference to the broader political issues attached.

Socialists seek tougher wealth tax

By Ian Davidson in Paris

THE French Socialist Party yesterday declared its freedom to take issue with legislation drafted by the Socialist Government of Prime Minister Michel Rocard by tabling a parliamentary amendment to increase the bite of the proposed wealth tax.

The amendment comes on the eve of the presentation of the 1989 budget by Mr Pierre Beregovoy, the Finance Minister. Expenditure is planned to rise 4.6 per cent, with priority for extra spending on education, employment and research.

But as a result of still vigorous growth (2.6 per cent expected next year), and buoyant tax revenues, the budget deficit is expected to decline by FFr 15bn (£1.4bn) to FFr 100bn.

Argument over the wealth tax, which will be opposed by the right-wing parties, and over the minimum guaranteed income which is supposed to be largely financed by the wealth tax, will be inextricably involved in the broader debates on the budget.

In the Government's draft law, the wealth tax would be imposed in three different tranches: 0.5 per cent on wealth of between FFr 4m and FFr 6.5m; 0.7 per cent on the next FFr 6.4m; and 0.9 per cent above FFr 12.9m.

The Socialist amendment would add a higher tranche, in which fortunes of more than FFr 20m would be taxed at e rate of 1.1 per cent. Although this new top rate would still be well below the 2 per cent top rate of the previous Socialist Government'e wealth tax, which was abolished by the Chirac Government, the Socialist Party has warned the Government to pay attention to the demands of its left-wing.

In balancing concessions to party moderates, the Socialists also tabled amendments to restrict the cumulative impact of the wealth tax and income tax, and to encourage employee share ownership schemes, by exempting up to FFr 1m of employee-owned shares.

Leap in Spanish inflation provokes wage rise fears

A SURPRISE jump in Spain's inflation in August may accelerate wage demands and force higher interest rates, according to economists, Reuter reports from Madrid.

Mr Pedro Perez, the Economy Secretary, said the Government had scrapped a 3 per cent inflation target for 1988 after inflation rose one per cent in August, taking the year-on-year rise to 5.6 per cent.

The Government still hoped by the end of the year to bring inflation in the fast-growing economy below last year's 4.6 per cent.

"The danger is that an over-reaction to this news could harden bargaining positions of unions and that could force the Bank of Spain to take a restrictive line," Carmen Alcaide, an economist with Banco de Bilbao said.

A communist-led trade union, Comisiones Obreras (Workers Commissions), has called on the government to renegotiate a recent package of civil service pay rises.

Two Swiss business schools to merge

By Michael Dixon

TWO of Europe's leading business schools are to merge next year and concentrate mainly on learning programmes for experienced managers. The schools are IMI and IMEDE, located about 60 miles apart in Geneva and Lausanne in Switzerland.

While the merger, to be officially announced later today, will formally take effect on January 1 1990, it has already been decided that Dr Juan Rada, director of IMI, will take charge next April.

The joint board planning the amalgamation does not envisage any significant cuts in staff or course provision in the foreseeable future. The two schools' present activities are seen as complementary.

Simply adding them together would prodoce a capacity for about 120 etudents on year-long courses leading to a master's degree in business administration (MBA), and for an annual throughpnt of ebout 1,200 experienced executives attending shorter programmes.

Britain to seek Soviet help on Iraq poison gas

By Edward Mortimer and Andrew Gowers

BRITAIN plans to seek Soviet help in taking action against Iraq over charges that Baghdad used chemical weapons against its Kurdish minority.

Mr William Waldegrave, a junior foreign minister, will raise the issue with Soviet officials during a visit to Moscow early next month. This follows a failed attempt by four Western countries, including Britain, to secure a United Nations inquiry into persistent allegations that Iraq has used poison gas during a campaign of repression in its northern Kurdish region over the last two months.

Although Iraq and Turkey have refused to accept a UN investigation of the charges, it is understood that Britain has not given up hope of an expert team being admitted to Kurdish refugee camps in Turkey.

The Foreign Office, convinced by American evidence that chemical weapons were used, wants to obtain further information from the Soviet Union, Iraq's leading arms supplier. Moscow has privately expressed serious concern about the issue, and lent its support to the UN inquiry initiative.

Soviets to discuss reduced naval activity with Danes

By Hilary Barnes in Copenhagen

SOVIET proposals for reductions in naval activity in the Nordic area and the Arctic were placed on the agenda for discussions with the Danish Government when Mr Eduard Shevardnadze, the Soviet Foreign Minister, arrived in Copenhagen yesterday.

Mr Shevardnadze is spending 24 hours in Copenhagen en route to the UN General Assembly in New York. It is the first visit to Denmark by a Soviet Foreign Minister since 1976.

Proposals for reducing superpower fleet activity in the Baltic and the Arctic were first made by the Soviet leader Mr Mikhail Gorbachev in his Murmansk speech two years ago.

But the proposals have so far elicited littla response from either non-aligned Sweden or North Atlantic Treaty Organisation members Denmark and Norway.

On his arrival yesterday Mr Shevardnadze stressed the Soviet Union's commitment to dialogue with the West as opposed to confrontation.

"We are equally interested in the euccess of the Common European process, of finding ways for troop reductions and reductions in armaments in Europe from the Atlantic to the Urals," he told his host, the Danish Foreign Minister, Mr Uffe Ellemann-Jensen.

Taxes cut as Dutch austerity years ease

By Laura Raun in Amsterdam

THE Dutch Government yesterday unveiled a moderate budget that trims taxes and eases austerity in 1989. The ruling Christian Democrat-Liberal coalition seems to be offering something for everyone before the 1990 general election, e move made possible by a windfall in tax revenue that is expected to be Fl 11.4bn (£3.23bn) higher than forecast.

It marks a break with years of deep austerity aimed at shrinking the Netherlands' gaping budget deficit. In the budget, value added tax is cut to 18.5 per cent from 20 per cent, providing Fl 2.6bn in relief, while cutting corporate income tax to 35 per cent from 42 per cent will provide Fl 1.6bn.

Even more money – Fl 6.2bn – will stay in people's pockets in 1990 when the steep income tax is pared. The top rate of income tax will come down to 60 per ceot from 72 per cent and other rates will be condensed into just three rates. Even after the cut the Netherlands will have among the highest taxes and welfare premiums in the world.

The budget raises child benefits by 4 per cent in 1989 and 5 per cent in 1990. Workers will pay lower welfare premiums next year and an extra Fl 500m will be spent over the next two years on redncing unemployment, whicb has not fallen below 14 per cent since 1981. Only e modest Fl 1.5bn will be cut from government spending in 1989, the smallest reduction since the Government of Mr Ruud Lubbers took office in 1982.

Aware of "austerity fatigue", the centre-right coalition also plans relatively mild expenditure cuts of Fl 3.3bn and an extra Fl 400m investment in the infrastructure in 1990. Mr Onno Ruding, the Finance Minister, said he was satisfied with the fiscal plan only because of Fl 16bn in spending cuts agreed in earlier years but affecting the 1989 budget.

He is credited with slashing the Netherlands' buge budget deficit in recent years but unexpectedly announced last week that he would leave politics after 1990.

Outlining policy objectives for the remainder of his term, Mr Lubbers said the Netherlands had to be more in step with the rest of the European Community in taxes, wages, housing and health care, among other areas.

"Now that European integration is accelerating and Europe 1992 is approaching, it is of importance that the size of the public sector and the tax-and-premium burden in the Netherlands does not deviate too mnch from that in our neighbouring and competing countries," he warned.

The Fl 1.5bn in spending cuts will affect all areas but especially edocation, where eubsidies have soared out of control. The budget deficit is forecast to narrow to 5.4 per cent of GNP in 1989 from 6 per cent this year and further to 4.6 per cent in 1990, in line with government goals.

However total spending will amount to Fl 170m, revennes to Fl 147bn and the public sector borrowing requirement to Fl 43bn (including Fl 19bn of debt redemption), up from Fl 42bn this year.

GNP growth is seen stabilising at 2.5 per cent in 1989, according to the official economic forecast also released yesterday. Growth in consumer spending is forecast to accelerate to 2.5 per cent from 1.5 per cent this year, taking over as the motor of the economy from exports, which are predicted to rise only 4.75 per cent instead of the 6.5 per cent seen this year. Inflation will remain a modest 1 per cent and the balance of payments surplus will widen by Fl 1.5bn to Fl 9bn.

Mr Lubbers, an economist, admitted that the budget was drawn up with an eye to the general election, painting a rosy picture of the economy. But he argued that Dutch budgets usually underestimated growth and this one might at last be on target.

Mr Ruding said that beyond 1990 no "enormous new austerity measures" would be needed to further shrink the budget deficit, under certain conditions. But he warned that state debt already amounted to 80 per cent of GNP and cautioned thet "compared with abroad the Netherlands lags behind in efforts to cut the budget deficit. In most countries the deficit reduction is going faster."

Jaruzelski hunts new PM

By Christopher Bobinski in Warsaw

GENERAL Wojciech Jaruzelski, Poland's Communist Party leader, has begun the search for a new prime minister in the wake of the fall of Mr Zbigniew Messner's Government on Monday amid signs that the country's political landscape is beginning to change.

Already the Writers Pen Club, which was suspended in 1981 and reactivated this week, has in its first resolution called for the legalisation of the banned Solidarity trade union.

The authorities have also given way and permitted activists from workers' self management councils in industry to establish a national association which promises to lobby hard for economic reforms.

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Ecuador to take over pipeline operation from Texaco

By Sarita Kendall in Bogota

ECUADOR'S state petroleum company, Cepe, is to take over operation of the trans-Andean pipeline from Texaco in October 1989, according to Mr Diego Tamariz, Energy Minister.

Although the pipeline reverted to Ecuador in 1986, Texaco continued to run it. Cepe will probably start operating the Amazon oilfields owned by the Cepe-Texaco consortium in 1990.

The government decision to give Cepe a stronger role in managing the country's oil industry did not surprise other foreign companies exploring in Ecuador, and they will not be affected. Two small refineries in the Santa Elena peninsula will be taken over by Cepe as well. The state company is apparently to be restructured into several different entities, each responsible for a particular area of operation. The Government hopes this will increase Cepe's administrative efficiency.

Mr Tamariz announced the measures during questioning in Congress about the Government's recent 100 per cent rise in petrol prices. Cepe is not interested in domestic distribution of oil products.

Ecuador's oil production is running at 310,000 barrels a day and the Cepe-Texaco consortium, working entirely in the Amazon region, is responsible for more than three-quarters of output. Cepe has a 62.5 per cent share in the consortium. The Government plans to cut 10,000 b/d in the Shushufindi field on the grounds that it has been producing at too high a rate. To compensate, and to keep exports up, new fields will be brought into operation.

"For companies exploring, it's a good sign that they're encouraging new production," said Mr Brian Williams, BP's manager in Quito.

BP is hoping to develop the Tayamino field, which will be able to produce 8,000 b/d as soon as possible. The field lies partly in BP's exploration block and partly in one of Cepe's. Cepe has other small structures nearby. Although Cepe plans to build the pipeline connection, BP would build the Tayamino facilities.

Texaco's contract with Cepe finishes in 1992 and will not now be renegotiated. The last government put off assuming responsibility for the pipeline and some experts had voiced doubts about Cepe's capacity to run it.

Panama crisis gives birth to a radical Noriega

Tim Coone reports that US sanctions may force the Panamanian leader in a new political direction

PANAMA will never be the same again. A growing number of political and economic analysts now view the country's crisis as the prelude to profound and irreversible changes in the country's body-politic. All hinges on how the enigmatic General Antonio Noriega, head of the Panamanian Defence Forces (FDP) and the country's political strongman, plans to deal with the sharpening conflicts resulting from the damaged economy.

US economic sanctions against Panama have bitten deeply into the Government's finances. The suspension of some $7m per month in royalties from the Panama Canal, a similar sum from the trans-isthmus pipeline, the suspension of income tax payments by US companies and the reduction in tax haul due to the economic downturn, have cut goverment income this year by almost half according to official estimates.

The Government has responded by slashing capital expenditure programmes, halting all debt service payments and limiting current expenditures to public sector wages. Even those are facing cuts. Last week, President Manuel Solis Palma warned of wage cuts and substantial layoffs in the public sector.

Bnt despite every effort short of a US invasion to remove him, General Noriega remains defiantly at the head of the 16,000 strong FDP and shows every sign of staying there.

Opposition efforts have fizzled out apart from half-hearted and sporadic student protests, while the Panamanian economy has demonstrated a remarkable resilience to adapt to the pressures that economic theory suggests should by now have produced a collapse.

The commercial strikes fomented by the right-wing opposition last March and April lost momentum when the US sanctions, initially designed as short-term measures, failed to shift General Noriega from power. According to Dr Arias Calderon, head of the Christian Democrat Party and one of the principal opposition figures: "The commercial strikes could not continue because many businesses would not have survived."

That view is echoed by Mr Jaime Mizrachi, president of the Colon Free Trade Zone Users' Association, who said: "The US is making the same mistake as it did in Nicaragua by trying to use the private sector to overthrow the Government. There the private sector was ruined, but we are not going to let it happen here."

Last month the US Government lifted some of the restrictions on US companies operating in Panama, allowing them to pay import duties and social security payments for their workforces, due to pressure from the US companies themselves fearful of losing out to European and Asian competitors.

Meanwhile, a further $40m a month has continued to flow into the economy due to the presence of some 13,000 US troops in Panama and the 8,000 local employees of the Panama Canal. Those dollars have been crucial in easing the liquidity crisis affecting the banks and have stimulated a partial recovery in comparison with the near paralysis of the economy last Easter.

The recent death of Dr Arnulfo Arias, the charismatic politician who dominated opposition politics for four decades, has meanwhile deprived the opposition of a figurehead.

All these factors have worked in General Noriega's favour, undermining the economic sanctions and weakening the opposition. But this does not hide the fact that the economy has been badly damaged. Most experienced observers believe that it will take years, even decades to recover the living standards of 18 months ago. According to Mr Ricuarte Vasquez, the former Planning Minister who resigned last April: "We can no longer talk in terms of a recovery. We have to talk in terms of a different way of life." Gross domestic output is expected to fall by 30 per cent in 1988.

One prominent businessman warned that a much deeper crisis will hit the private sector between now and the end of the year. The partial mid-year recovery cannot be sustained, he said, because there is still no credit available from the banking system to rebuild factory inventories. That will force many to close.

However, the labour legislation obliges employers to pay substantial redundancy payments to their workforces, which the companies are unlikely to be able to meet, which in turn could lead to a conflict between banks and unions as they fight over bankruptcy claims on remaining business assets.

That prospect has led some to wonder whether a radicalisation of the Government is on the horizon. For the answer one may have to look beyond General Noriega.

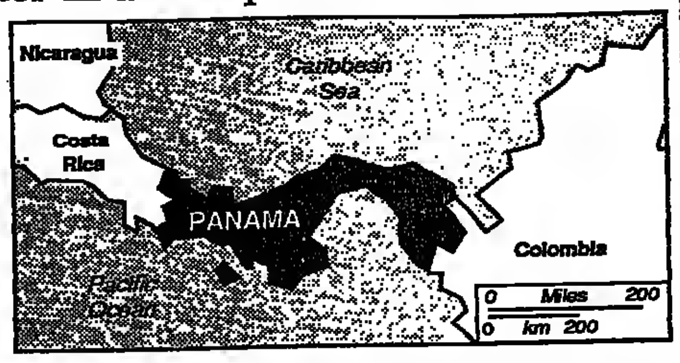
Following the coup d'etat led by General Omar Torrijos in 1968, the FDP became a powerful nationalist force within Panamanian politics and developed socialist leanings.

The Torrijos concept, according to one of his biographers and closest advisers, Mr Jose Jesus Martinez, was to carry out a gradual and bloodless revolution via control of the armed forces. This would not prodnce immediate or profound changes in Panama, which he believed impracticable, but would begin by helping revolutionary changes in the rest of Central America, which would eventually help to influence changes in Panama.

That moment may now have come. Mr Martinez said that General Noriega may now prove to be more radical than General Torrijos, by the sheer force of circumstances.

Junior officers in the armed forces now receive political education from Marxist teachers. US automatic rifles have been replaced by the Soviet AK-47 as the standard infantry weapon of the FDP.

Some Western diplomats believe these may simply be warning signals from General Noriega to the US not to push him too far. But it may also be that the enigmatic General Noriega has already decided to raise his own flag alongside that of Torrijos and not wait for the rest of Central America to lead the way.



US bankers urge thrifts reform

By Anatole Kaletsky in New York

THE American Bankers Association yesterday called on Congress to restructure the country's beleaguered savings and loan institutions, declaring that a resolution of the thrift industry crisis was now the "top priority" for US bankers.

The ABA warned that unless the crisis was addressed immediately it could turn into "a $100bn problem" which would take most of the next decade to resolve.

The ABA also noted that the insolvency of the Federal Savings and Loan Insurance Corporation had raised questions ebout the long-term future of the Federal Deposit Insurance Corporation, which guarantees commercial bank deposits. Proposals to merge the two insurance funds to bail out FSLIC have been seen as a serious threat by commercial banks.

The rescue plan put forward yesterday by the ABA would involve the effective nationalisation of more than 500 thrift institutions which are insolvent on the basis of accepted accounting principles.

The ABA said these thrifts should be taken over and liquidated by a new government entity.

Democrats unveil health plan

By Stewart Fleming in Washington

GOVERNOR Michael Dukakis, the Democratic presidential candidate, yesterday proposed a federal programme which Democrats said would provide medical insurance to many of the 37m Americans who do not have it.

Mr Dukakis has been thrown on to the defensive by attacks on his foreign and defence views from Vice-President George Bush, his Republican rival, and had planned to turn to domestic economic issues before the nationally-televised debate between them next Sunday.

Campaign officials, outlining the health plan which is similar to a proposal before Congress and a scheme backed by Mr Dukakis and passed by the Massachusetts state legislature earlier this year, were unable to give a precise estimate of its cost.

The plan before Congress would add an estimated $10bn to $17bn to employers' health insurance costs.

The Dukakis proposal would require employers to pay a minimum percentage of the health insurance premiums although employees would also contribute.

US inflation for second quarter revised upward

By our Foreign Staff

US inflation was higher than had been thought in the second quarter of this year, and growth was slightly slower, the US Commerce Department said yesterday.

Financial markets took little notice of the figures, focusing instead on forthcoming indicators of the economy's performance in the current quarter.

Gross National Product expanded at a revised seasonally adjusted annual rate of 3.0 per cent in the second quarter, adjusted for inflation. This was down from last month's estimate of 3.3 per cent.

Higher consumer spending than estimated earlier offset part of the downward revision. Prices, as measured by tha GNP-based implicit price deflator, rose at a revised 5.5 per cent annual rate in the second quarter, compared with a 5.1 per cent growth rate estimated last month.

● Mr Karl Otto Pöhl, West German Bundesbank President, said in Washington yesterday that declines in long-term interest rates and a drop in the gold price indicated that worldwide inflationary expectations were starting to improve as a result of the increase in short-term interest rates last month.

Nicaragua talks blocked by dispute over venue

By Tim Coone in Miami

TALKS aimed at renewing peace negotiations between the Nicaraguan Government and the US-backed Contras have become deadlocked over where to hold the next session.

Delegates from both sides for the first time since last June met for three hours in Guatemala City on Monday evening but failed to agree on where a top-level delegation should meet later this month.

The Sandinista Government wants the talks to continue in the capital Managua, whereas the Contras have proposed Gnatemala, Costa Rica or Santo Domingo. Last month, President Daniel Ortega of Nicaragua said that to move the talks away from Managua would he to downgrade the negotiations, although he indicated that he was willing to hold the next round in Washington, which in turn was rejected by the Contras.

Mr Bosco Matamoros, the Miami-based spokesmen for the Contras, said that the meeting on Monday had none the less been "clear, direct, concrete and without rhetoric", echoing the view of Dr Victor Hugo Tinoco, the Nicaraguan Deputy Foreign Minister, that some progress had been made by virtue of the fact that the two sides were talking to each other again.

The Contras are also asking the Government, "as a demonstration of good faith", to release 39 opposition leaders arrested on July 10 after a demonstration.

The Contras broke off talks last June after dismissing several of their key negotiators and hardening their conditions for a permanent peace. Both sides appear willing to continue the ceasefire which has been in force since last March.

OVERSEAS NEWS

Druze chieftain predicts endless Lebanon war

By Tony Walker in Damascus

MR WALID JUMBLATT, leader of the Lebanese Druze militia, predicts an "endless war" in Lebanon, and the break-up of the country if the present constitutional and political crisis persists.

An uncharacteristically subdued Mr Jumblatt said in an interview, that unless a last-minute compromise was worked out there would be a full-scale war in Lebanon. He said that such a development would be unavoidable if the Christians were to declare a separate government in the Christian Maronite strongholds.

Lebanon's political crisis deepened this week when Christian leaders rejected a US-Syrian accord on a replacement candidate for Mr Amin Gemayel, the outgoing President, whose term expires on September 23.

Mr Jumblatt said that General Michel Aoun, the Maronite commander of Lebanon's regular army, may seek to fill the vacuum left by Mr Gemayel.

Alternatively, Mr Gemayel may appoint a new government led by a Maronite whose authority would extend no further than the Christian enclave, which would include within its boundaries about 50 per cent of the Christians in Lebanon. Lebanon's present Administration under Mr Selim Hoss, the acting Prime Minister and a Sunni Moslem, would continue to rule elsewhere in Lebanon.

Mr Jumblatt, whose mountain-dwelling people have a reputation as fierce fighters, bitterly attacked the Maronites whom, he said, "did not give a damn about the independence and so-called unity of Lebanon."

The Druze chieftain said that recent developments in the region, including the winding down of the Gulf war, had put Syria and its allies in Lebanon under considerable pressure. He noted that Iraq was now actively supporting the Maronites against Syria, and that the Palestine Liberation Organisation's mainstream Fatah faction also had links with the Maronites.

Mr Jumblatt predicted that transit points between the Christian enclave and predominantly Moslem areas would be closed and that Christians may cut electricity supplies to Moslem areas. Lebanon's main power station is in Christian East Beirut. Mr Jumblatt said the Moslems could retaliate by seizing gold worth several billion dollars in the central bank located in West Beirut.

The Druze leader said Lebanon could not afford to be hostile to Damascus "whomever is in power in Syria," describing the idea of the Christians forming their own government as a "ridiculous adventure." Lebanon is not an island, he said.

Mubarak tries to rally Egypt's frustrated creditors

Tony Walker reports on the President's visit to Europe in search of new loan sources

WHEN President Hosni Mubarak travels to Europe later this week to seek pledges of assistance for Egypt's continuing battle with the International Monetary Fund he will be treading a familiar path. It is less than a year since he visited European capitals, including London, on much the same mission.

This time his pleas for help are likely to have more urgency since Egypt, already facing severe balance of payments problems, is finding that the going is becoming even tougher as sources of credit are further squeezed. An IMF agreement in May 1987 which led to a Paris Club rescheduling of some $8bn of government and government-guaranteed debt out of Egypt's total foreign debts of $44bn, provided some breathing space.

However, Cairo's inability to adhere to the terms of the Fund reform programme – the programme collapsed in late 1987 after half of $325m in balance of payments support had been disbursed – has done little for Western confidence in Egypt's commitment to revitalise its debt-burdened economy.

Protracted and, thus far, inconclusive talks with the IMF on a replacement agreement, are testing the nerves of Fund officials and, it seems, the equanimity of Egyptian politicians. Mr Mubarak, in an extraordinary outburst at a rally in a Nile Delta town early this month, likened the IMF to an unqualified doctor who prescribes life-threatening dosages of medicine.

Egypt's President is certain to tell his European hosts that IMF pressure to increase prices, reduce subsidies and slash the budget deficit risks social upheaval in a country where an estimated 40 per cent of people live on or below the poverty line, and this at a time when price increases of up to 30 per cent or more are eating away at living standards.

"We need economic reform," Mr Mubarak, who wants the Fund to allow Egypt more time to comply with a reform programme, told his Nile Delta audience, "but I tell the IMF that this reform must be in line with our social and economic situation and the standard of living."

He spoke against a background of worrying indications that various categories of credit are drying up at a time when all foreign lending institutions are adopting a much more rigorous approach to dealing with Egypt. News that the Australian Government had decided to phase out credit sales of wheat by 1992 is part of this trend and follows the recent example set by Canada, another big wheat exporter.

Angry reaction in the Cairo press to the US veto of a loan

The World Bank is delaying the disbursement of some $250m in soft loans in support of structural reform, pending Egypt's agreement to raise heavily-subsidised energy prices by 30-40 per cent immediately, with the aim of achieving parity with world prices over seven years. Likewise, The US Agency for International Development (USAID) is withholding $330m in assistance for power projects while Egypt dithers over whether to increase energy prices. These average 3 piastres per kilowatt hour against production and distribution costs of 13 piastres per kwh.

A further sign of donor frustration over Egypt's nervousness about embarking on structural reforms was the US vote in the African Development Bank last month against providing Cairo with a $290m power station loan. The official Cairo press reacted angrily to the fact that the US was the sole dissenting voice.

Egypt's sources of commercial credit are also being squeezed. Western bankers report that a mountain of arrears has built up on suppliers' credits. The representative of a large European bank said Egypt had stopped meeting its obligations on its suppliers' credits in November 1985. Attempts to persuade Egypt to pay interest on the delay have not been successful.

Western bankers are especially wary of financing trade on credit that requires a central bank guarantee of payment. Examples abound of large Egyptian public sector commercial banks facing difficulties securing funds from the central bank hard currency pool to honour commitments to foreign banks.

Egypt's balance of payments deficit on its current account shrank to less than $1bn in financial year 1987-88 ($1.3bn in 1986-87), but this was partly at the cost of squeezing imports to the point where industrial activity is being curtailed.

Higher commodity prices – some Egyptian officials are talking about a second world food crisis – are adding to pressures on Egypt's balance of payments.

Delays in finalising bilateral rescheduling agreements with Egypt's creditors following the May 1987 rescheduling are another factor that has curtailed the availability of new credit. The UK, which reached agreement with Egypt at the end of June, had said it would review credit arrangements once the bilateral agreement was signed.

At present, only a handful of Western European countries are continuing to cover new business with Egypt, subject to tight restrictions. These include France and West Germany. Bonn, however, halved the amount of cover available this year to DM200m (£64m). Egypt is under pressure to come to terms with the IMF, partly because it needs to return to the Paris Club for a second orderly rescheduling. The first rescheduling covered 100 per cent of arrears, plus payments falling due between January 1987 and June 1988.

The next rescheduling is expected to extend for one year from July 1 1988 – if agreement can be reached in time with the IMF. A looming concern for Egypt and for the US is the fact that, by next July, unless another rescheduling is in progress, Cairo will be obliged to resume paying big instalments on its military debt. Principal and interest payments are said to total a crippling $700m in US fiscal 1989-90.

Talks standstill sparked Western Sahara battle

By Francis Ghiles

NEGOTIATIONS aimed at settling the 13-year Western Sahara conflict have run into problems because of Morocco's apparent unwillingness to accept a compromise formula aimed at granting autonomy to the territory after a referendum of its inhabitants planned for next year.

These difficulties prompted a guerrilla attack by the Polisario Front last Friday at Oum Dreiga against the 1,000-mile defensive wall which surrounds the Moroccan-held territory. The attack killed hundreds, including one of the kingdom's most experienced field commanders, Col Abdeslam al-Abidi.

The same difficulties led two weeks ago to a fierce exchange between Algeria and Morocco at a meeting of non-aligned foreign ministers in Nicosia. Against strong Moroccan opposition, Mr Ahmed Taleb Ibrahimi of Algeria got the assembly to reaffirm a previous call for direct talks between Morocco and Polisario.

On August 30, both parties accepted a plan proposed by Mr Javier Perez de Cuellar, the UN Secretary-General, to end the war and hold a referendum. The UN's hope is that Polisario will renounce its claim to full independence of the former Spanish colony in exchange for Moroccan agreement to grant it a real measure of autonomy. Mr Perez de Cuellar was yesterday pressing ahead with plans to appoint a special representative to oversee a ceasefire and referendum.

Three key problems threaten to cause endless argument. The first concerns who is a genuine Sahrawi: many of the territory's inhabitants took refuge in Morocco to avoid Spanish repression in the 1950s, and many others in Algeria when Morocco overran the territory in 1975-76. The two others relate to King Hassan's willingness to withdraw some of the 100,000 troops at present there, let alone remove some of the more "political" elements of his administration in the run up to a referendum.

Delhi drops Sikh charges

By David Housego in New Delhi

THE Indian Government announced yesterday that it was withdrawing charges against 138 imprisoned Sikh extremists in what was seen as a substantial goodwill gesture on the eve of Prime Minister Rajiv Gandhi's first visit to the Punjab in three years.

The gesture came as businesses and shops throughout much of the Punjab were closed down in protest at the killing on Monday of a prominent local Hindu politician. The shooting of Mr Hit Abhilashi, head of the Punjab branch of the right-wing Bharatiya Janata party, and his driver in Chandigarh was believed to have been carried out by Sikh terrorists.

It was in line with an increase in violence in the province over the past two weeks apparently intended to mark the Premier's visit.

Pepsi in Punjab, Page 22

Commonwealth debates scheme to ease debts

COMMONWEALTH finance ministers, worried by a slowdown in lending to developing nations, gathered yesterday to discuss ways to ease the world debt crisis before the annual International Monetary Fund/World Bank meeting, Reuter writes from Limassol. The 49-nation group, whose poorer members Jamaica and Bangladesh have recently been struck by hurricane and floods, will discuss a scheme to boost the flow of private investment to the Commonwealth's developing nations.

But the spotlight at the two-day formal meeting starting today will be on a report by the Commonwealth Secretariat proposing a special fund to channel private investment into financial markets of the group's poorer nations.

Fiji-Australia accord

Australia and Fiji yesterday appeared to settle the row which broke out last week before a planned visit to Suva by Senator Gareth Evans, Australia's Foreign Minister, Chris Sherwell writes from Sydney.

Mr Bob Hawke, the Australian Prime Minister, and Ratu Sir Kamisese Mara, Prime Minister of Fiji's interim government, reached an understanding at a breakfast meeting in Nuku'alofa, capital of Tonga.

It was agreed that Mr Evans would be able to meet Dr Timoci Bavadra, deposed as Prime Minister of Fiji in the May 1987 military coup, later this year.

Asia bank truce

Japan and the US have called a truce in a struggle for power at the Asian Development Bank, Japanese officials said yesterday. Reuter reports from Tokyo. Each country has agreed to pay an extra $425m to the ADB to increase their individual voting share to 13.5 per cent each from 12.41 per cent, the officials said. Their combined voting stake gives them veto power over all the banks' important decisions.

Howe ends tour with commitment to Mozambique

SIR GEOFFREY HOWE, the British Foreign Secretary, ended his 10-day tour of five African states with a reinforced commitment to Mozambique as the pivotal state in southern Africa, and a public warning to South Africa expressing Britain's growing concern about Pretoria's destabilising role in the region and the slow pace of domestic reform.

BY MICHAEL HOLMAN, AFRICA EDITOR

In speeches in Sudan, Kenya, Uganda, Tanzania and Mozambique, Sir Geoffrey outlined two of the fundamentals of British policy towards Africa: that British aid will continue to be conditional on adoption of "the discipline of economic liberalism", in conjunction with economic programmes endorsed by the International Monetary Fund and the World Bank; and Britain's willingness to help black southern African states reduce trade and transport links with South Africa.

Sir Geoffrey's low-key style brought no dramatic headlines, but the African leaders he met listened attentively because Britain plays a key role in efforts to ease the burden of the continent's $200bn or more external debt.

They also acknowledge that notwithstanding the sharp differences with Britain over the merits of economic sanctions against South Africa, Mrs Margaret Thatcher, the Prime Minister, has more influence in Pretoria than any other Western leader.

By the time he reached Maputo, Sir Geoffrey shifted the emphasis of his message. In two keynote statements in the Mozambique capital, he warned South Africa's President P. W. Botha that Britain expected him to respect the terms of a non-aggression treaty with Mozambique signed in 1984, and expressing Mrs Thatcher's impatience at the slow pace of domestic reform.

Sacrifices offered to cut the Games down to size

MICHAEL THOMPSON-NOEL IN SEOUL

ARE The Olympic Games bulging out of control? Are they afflicted by giganticism? Yesterday, the Seoul Olympics moved into high gear with action underway in 18 out of 23 official sports, all of it under intense police and military guard.

The first significant official admission that the Olympics have become too grandiose came last week from Mr Juan Antonio Samaranch, president of the International Olympic Committee. However, his proposed remedy was cautious in the extreme – a suggestion that exhibition sports be removed from the Games by 1996. The Olympics then may well be hosted by Athens which staged the first modern Games in 1896.

In 1896 there were 13 competing nations, nine sports and 311 competitors. In Seoul, there are 160 nations and 9,593 competitors.

Besides the official sports, there are exhibition and demonstration events in *taekwondo* (a Korean martial art), baseball, women's judo, badminton and bowling.

In theory, to hack the Olympics down to size would take only a bold pen and a few moments. But it would be an intensely subjective task, and one that would provoke furious international bickering.

Having thrown out all exhibition and demonstration sports and events, many observers would then round upon the horses. Out would go the equestrian events. And out would go a collection of oddities such as yachting, tennis, table tennis, synchronised swimming, shooting, judo, cycling, canoeing and archery – as well as all team sports.

That would immediately reduce the number of official events and gold medals from 237 to 158. You would be left with athletics, boxing, fencing, gymnastics, modern pentathlon, rowing, swimming, diving, weightlifting and wrestling.

This is a purely subjective choice, but the number of individual events could be further reduced, leaving a nucleus of 10 Olympic sports and about 100 Olympic events.

To house the reconstructed Games the Greeks could build a modern sports complex at Olympia. I was there last March, and could see no reason why Olympia's piles of rubble could not make way for a modern and pleasing sanctuary-cum-city dedicated to the old ideals and gods.

Unless my eye deceives me, the Greeks could build a modern Olympic stadium around the remains of the old one, without significantly disturbing it. Their main trouble, of course, would lie in fighting off an army of miscellaneous arty-crafties, whose wrath would be severe.

To reform the Olympics would probably take a century. In the meantime, Seoul watched agog yesterday as athletes flexed their muscles in 18 official sports. The tennis started yesterday. So did fencing, handball and yachting. The weightlifters were heaving and the gymnasts were flying. Ping pong has yet to commence. But the horses and their riders were in action – conducting dressage, if you please.

Taiwan benefits from sanctions against S Africa

By Peter Montagnon, World Trade Editor

TAIWAN has been a significant beneficiary of trade restraints against South Africa introduced by the US and other industrial countries, according to a study by the Overseas Development Institute.

The study, by Mr Roger Riddell, an ODI research fellow, says two-way trade between the two countries has ballooned from just $135m in 1985 to $911m last year and accounts for 2.6 per cent of total South African trade.

Mr Riddell cites Taiwanese officials as saying they expect bilateral trade flows to increase to $3bn a year by 1990. Taiwanese companies have also invested $100m in 120 factories in South Africa's homelands, largely rural areas set aside by Pretoria as "independent" black states.

Arguing that sanctions have been effective in hitting South African employment and investment, Mr Riddell urges the US to put pressure on those of its allies, including Israel and South Korea as well as Taiwan, which have continued to trade with South Africa, at least to publish more detailed statistics on their activities.

Trade figures from neighbouring countries such as Swaziland and Botswana also suggest that South African exports are being re-routed through these countries to avoid sanctions, he says. US imports from Swaziland rose 116 per cent to $24m in 1987, while Botswana's exports increased by 173 per cent.

Meanwhile Mr Riddell says the effects of US disinvestment on South Africa's balance of payments have been less than many had expected because US firms operating there have been sold at less than their market value and because of restrictions on the outflow of funds generated by the sales.

US companies are still able to supply South Africa via subsidiaries located in countries which do not have restrictions on trade with South Africa, he says.

ODI Development Policy Review, SAGE Publications, 28 Banner Street, London EC1Y 8QE. Annual subscription £50 for institutions and £22 for individuals.

Aid donors 'reluctant to co-ordinate activities'

By Peter Montagnon, World Trade Editor

FRESH evidence of the reluctance of aid donors to co-ordinate their activities with other donors and with recipient governments emerges from a study published this month by the Overseas Development Institute.

The study chronicles efforts by Sudan to set up a data base of pending aid projects.

Among organisations which failed to reply to a request for information from Sudan's Under-Secretary of Planning, it lists the World Bank, the UN Development Programme, the European Community and the governments of West Germany, Italy, the Netherlands and Switzerland.

Especially curious in this respect is the attitude of the World Bank which had already urged Sudan to create such a data base before the attempt was initiated in 1984, the study says. The German Government replied to a follow-up letter saying it did not have time to fill in the forms.

More recently the World Bank has again urged improvements in donor co-ordination in this year's World Development Report in which it warns that failure to co-ordinate can lead to duplication of effort.

The fear that releasing information might lead to good project ideas being financed by others was cited in the study as one reason for donor unwillingness to co-operate.

ODI Development Policy Review, SAGE Publications, 28 Banner Street, London EC1Y 8QE. Annual subscription £50 for institutions and £22 for individuals

Shell links non-metallic subsidiaries in Britain

By Lynton McLain

SHELL has linked its main US and UK non-metallic material subsidiaries. The aim is to make the UK the main manufacturing and technical base for the growing European market for structural composites. These are synthetic materials that can replace metal.

The UK company, Fibreforce Composites, of Runcorn, Cheshire, a member of the Royal Dutch/Shell group since last year, has signed an agreement with Morrison Molded Fiber Glass, a US subsidiary of Shell Polymers and Catalysts Enterprises. The agreement involves the mutual transfer of products and manufacturing technology between the subsidiaries.

Fibreforce Composites is one of the new venture operations of Shell in the UK, where it claims to have 40 per cent of the market for its type of structural composite materials. MMFG in the US has 20 per cent of the US market, the company claimed.

The market for structural synthetic composite materials in the US is worth $300m a year and growing at between 12 per cent and 15 per cent a year. In Europe, applications of the materials are more recent and the market is worth about $75m a year, but is growing at 20 per cent a year.

Mr Alan Webb, the managing director of the company, said in London yesterday that metal products were well established in the market. In many cases the use of metal for new products was in decline, but "products in composite materials are at an early stage of growth".

● McDonnell Douglas of the US has awarded a contract to Hamilton Standard's Space and Systems company, for work on hypersonic vehicle programmes, including life-support systems and thermal control for the $3.3bn US National Aerospace Plane.

The NASP programme is a joint project between the US Department of Defence and National Aeronautics and Space Administration, to develop and demonstrate technologies for future air/space vehicles that may attain speeds of up to 25 times the speed of sound.

How Niger's uranium boom lost its glitter

Nicholas Woodsworth on the economic hurdles facing this landlocked Sahelian state

EARLY this decade Gen Seyni Kountché, then President of the landlocked West African state of Niger, went on record as saying that his uranium-rich country would sell its mineral wealth "even to the devil." By the lights of the International Atomic Energy Agency, a body much concerned with nuclear weapons proliferation, the country was doing just about that: among its eager customers were Libya, Pakistan, Iraq, and Algeria.

Shortly after the President's statement in 1982, the world price of uranium collapsed, and with it Niger's hopes of rapid modernisation based on uranium sales. The legacy of that heyday remains, in the form of expensive, half-completed development projects, a top-heavy public sector and a large national debt.

The futuristic buildings today fronting the River Niger, in the dry and dusty capital of Niamey, form the backdrop to a more realistic indicator of the country's state of development – ragged camel caravans making their way in from the desert to the city's central market.

Not even the devil seems interested any more in Niger's uranium. The country's financial transactions these days are conducted rather with the likes of the International Monetary Fund, the World Bank, and bilateral development agencies.

Niger still relies on reduced uranium exports to a small number of countries which have invested in its mining industry. But now it looks to structural adjustment and accelerated agricultural development for the creation of a secure future.

The precariousness of Niger's economy is evident

Agricultural output is the key. The second phase of Niger's adjustment programme will concentrate on redressing shortcomings of the sector in the past.

even from the World Bank's 20th floor offices overlooking the Niger River. Here Mr Francis Mody, director of programmes, sits all day mulling over the intricacies of budget reallocations and state enterprise elimination. But what really makes his day becomes evident in the course of a telephone call from a Nigerien colleague at World Bank headquarters.

"Good news," he shouts down the crackling line to Washington. "The weather's fantastic. It's raining."

For the first time in eight months the sky over Niamey is grey and wet. Far below, the river, which for months has been shrinking, and in July stood at dangerously low levels, is at last beginning to rise. For Mr Mody and his 6m Nigerien countrymen – the vast majority of whom depend on subsistence agriculture – developing farming and water resources in this arid land means the difference between survival and disaster.

Niger began concentrating greater attention on agricultural development when it became apparent that lower uranium prices were not just a temporary phenomenon. The reason is excess capacity and overproduction in such uranium mining leaders as the US, Canada, Australia, and the Soviet Union (Niger is currently the world's fifth largest producer and the fourth largest holder of uranium reserves).

In the 1970s, with petroleum prices high and nuclear power projects being undertaken throughout the industrialised world, uranium had a high strategic and market value. In today's post-Chernobyl world with hydrocarbons once again inexpensive, uranium has lost much of its glitter.

The metal is presently available on the spot market for $14 per lb, about half Niger's selling price. Only a small percentage of uranium is spot traded, however: those who are producers are also consumers, and most regular international customers prefer to arrange reliable contracted supplies despite the higher cost.

Currently Niger sells uranium to only three buyers – French and a Spanish state-owned companies and a private Japanese firm. Along with the

In 1982, the world price of uranium collapsed, and with it Niger's hopes of rapid modernisation based on uranium sales. The legacy of that heyday remains.

Nigerien Government, all are shareholders in the country's two mining operations.

According to the proportion of its investment, each company buys a percentage of Niger's annual 3,000 tonnes production at contracted prices negotiated yearly. France's Cogema, with the largest share in both operations, is the country's biggest customer. About two-thirds of France's nuclear fuel purchases are from Niger.

With the French uranium stockpile continuing to grow, the buying price is being constantly edged down.

Production costs – energy, transport, processing and capital equipment – continue to increase. Export volumes have declined drastically.

With heavy debt servicing obligations and declining prospects in the mining sector, in 1983 and 1984 Niger signed two IMF stand-by loans giving it access to Paris Club rescheduling and concessional aid. In 1986, with World Bank loan agreements worth a total of $140m, it undertook the first phase of a structural adjustment programme involving public sector reform and the development of private enterprise.

Increased agricultural production remains the key to Niger's economic future. The second phase of the adjustment programme, due to begin next year, will concentrate on redressing some of the major shortcomings of the agricultural sector in the past.

Niger is still a long way from food self-sufficiency. In 1985, a particularly bad year, it had to ask for more than 350,000 tonnes of international food aid. Until the country develops an adequate agricultural infrastructure there is no guarantee that such a crisis will not reoccur.

Protectionist bill sped up to force poll showdown

By Nancy Dunne in Washington

DEMOCRATS in the House of Representatives have agreed to speed up the passage of protectionist textile-apparel legislation to force a pre-election show-down on trade.

The legislation, which would set quotas for textiles, apparel and footwear, has passed both the House and the Senate by less than the two-thirds majority needed to over-ride an expected veto by President Ronald Reagan. It was due to go to a House-Senate conference committee to iron out the minor differences.

The legislation has been carefully modified to meet many of the objections of its detractors. It would set quotas on imports of textiles, clothing and footwear from all countries – including Western Europe and Canada – instead of concentrating, as the first bill did, on the major textile exporters.

It would limit the growth in all textile and apparel imports to 1 per cent a year and freeze footwear imports at slightly more than 80 per cent of the US market. Countries which increased their purchase of US agricultural products would get a larger quota share.

However, with Congress due to go into recess by October 8, Democratic leaders saw the possibility of a valuable election issue getting lost amidst a last-minute avalanche of bills. The House has agreed to vote on Friday on the Senate bill and send it to the President who will have to exercise his veto within 10 days.

Japanese plan for US chip ties

By Our World Trade Staff

JAPAN'S microchip makers yesterday announced plans for closer ties with US suppliers to improve foreign access to the Japanese semiconductor market.

The plan, announced by the Electronic Industries Association of Japan, is Japan's first response after the collapse of talks with the US Semiconductor Industry Association in June.

But it represents no change in the EIAJ's stance that its goal remained only improved market access, not greater market share for US firms. Disagreement over this point caused the June talks to fail.

Mr John Stern, vice-president of the American Electronics Association's Asian operations, said the plan was "constructive".

Danes' ban on imports of non-returnables is upheld

By William Dawkins in Brussels

THE DANISH Government yesterday won the right under European Community law to use environmental protection as a legally acceptable reason for denying market access to potentially harmful products.

That is the implication of a European Court of Justice ruling which allows Danish safety authorities to continue a ban on imports of drinks in non-returnable bottles.

Legal officials believe this is the first time an EC member state has been given the go-ahead to restrict imports for environment reasons – and as such could set an important precedent.

However, the Court did declare that the Danish authorities had no right to force foreign drinks companies to get mark as environmentally sound before selling them in the country. That restriction was out of all proportion to the need to clamp down on litter, it argued.

Copenhagen has insisted since 1981 that all bottled drinks must be sold on a deposit and return system to discourage the dumping of empties on the streets

Foreign brewers are convinced that this is no more than an excuse for keeping their beers out of Denmark, where the consumption of foreign brews is just 0.01 per cent of the total. They and the Commission claimed that the Danish bottle laws contravened Article 30 of the Treaty of Rome.

UK NEWS

Money supply figures give mixed picture of economic activity

Lawson cautious on trade deficit

By Philip Stephens and Simon Holberton

MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday cautioned financial markets not to expect a rapid narrowing in Britain's trade gap as official money supply figures gave a mixed picture of the pace of borrowing and spending in the economy.

Speaking at a press briefing ahead of the next week's meeting of the International Monetary Fund in Berlin, Mr Lawson said that the dampening effect on the economy of sharply higher interest rates would come through in stages.

The impact on the housing market would be seen relatively quickly but, "inevitably," he said, "the current account will be one of the last (economic indicators) to be affected."

Mr Lawson said that he had not yet seen the trade figures for August, which will be published next Tuesday, but his comments appear to confirm that the Treasury is bracing itself for further large deficits over coming months.

The Bank of England yesterday published figures for the money supply in August which showed a smaller than expected rise in bank and building society lending. However, M0, one of the Treasury's key monetary indicators, still growing well outside its target range.

UK financial markets reacted positively to the lending figures, which showed that banks and building societies lent £5.8bn in August, compared with an average for the last six months of £7.8bn. Analysts had been expecting a lending figure of about £8bn.

Prices of long-dated UK Government securities closed a point higher. The FT-SE 100 Share Index closed 12.2 higher at 1,772.1 and the FT Ordinary Index up 11.3 to 1,429.9. The pound firmed half a pfennig to close at DM3.1425 and almost half a cent to close at $1.6860.

M0, the narrow measure of money supply, rose by 0.8 per cent in August, compared with July, to give an annual rate of growth of 7.8 per cent. This is higher than its previous high in June which the Treasury had expected to be the peak.

Mr Lawson said that last month's rises in interest rates had not been reflected in the M0 statistics, but the effect would show np in future months. He was cautious about the broad money supply figures, saying that it was not "sensible" to draw conclusions from one month's figures.

His caution was shared by analysts in the City. They said the fall in bank lending provided scant evidence of any moderation in the pace of economic activity.

Mr Lawson added that he was satisfied with the pound at its current levels against other major currencies. Although it was higher now against the D-Mark than earlier in the year, when he had suggested that such level would be unsustainable, the West German currency had itself weakened against the dollar.

That meant that measured against a basket of currencies sterling was slightly weaker than it had been.

Referring to the IMF meetings, which are preceded on Saturday by talks among the Group of Seven nations, the Chancellor voiced confidence that finance ministers and central bankers would re-affirm their commitment to exchange rate stability. "I think most of us are comfortable with the rates there are at the present time", he said.

With the US Administration preoccupied with November's election, no major initiatives should be expected in Berlin.

Analysis, Page 9

Home loan rates increased

HALIFAX, Abbey National and Nationwide Anglia, the three largest building societies, yesterday raised their mortgage rates from 11.5 to 12.75 per cent after last month's rise in banks' base lending rates from 11 to 12 per cent, David Barchard writes.

National Westminster, the largest of the big four clearing banks, said it was also putting its mortgage rate up to 12.75 per cent for new borrowers.

NatWest's increase, announced after the three building societies had moved, is well below that made last week by three other banks – Barclays, TSB, and Midland – which raised their mortgage rates to levels between 13 and 13.2 per cent.

Link-up by Lloyds puts shadow over Access card

By David Barchard

THE FUTURE of Access, the second largest credit card group in the UK with 12.2m cardholders, was thrown into question yesterday by news that one of its largest members, Lloyds Bank, had applied to join MasterCard International as an independent member.

Until now, MasterCard International, the smaller of the two international credit card systems, has been represented in the UK only by Access. However, last week Barclays, the leading UK member of Visa International, announced that it had applied to join MasterCard International and to issue MasterCard products in the UK without the Access branding.

Both Barclays' and Lloyds' applications are to be taken up next month at n special board meeting of MasterCard International in New York.

National Westminster and Midland, the other two large members of the group of six banks which issne Access cards through the Southend-based Joint Credit Card Company, yesterday said that they were also considering the possibility of making individual applications to MasterCard for membership.

Other options under consideration appear to include the possibility of an application by Midland and NatWest to join Visa International – a step taken last spring by Lloyds, which began issuing a Visa debit card in July.

Independent membership of MasterCard would give them the right to issue MasterCard products alongside their Access cards. More importantly, they would also be able to negotiate terms separately with retailers, enabling them to compete more directly with each other and also with Barclays, which will soon be able to offer merchants access to both credit card networks.

All three banks were indicating yesterday that the situation was still highly fluid. They are unlikely to want to jettison their common facilities at Southend in the JCC, which is the largest credit card processing operation in Europe.

Clowes company assets sale falls short of £11m expected

By Ian Hamilton Fazey, Northern Correspondent

THE SALE of the assets of James Ferguson Holdings, the group into which Mr Peter Clowes injected his fund management companies in order to go public, has failed to make the £11m expected. Only £7.5m or less is likely to find its way to Barlow Clowes investors.

This emerged yesterday at the final meeting of James Ferguson's creditors at the company's headquarters in Poynton, Cheshire. Although sales of subsidiary companies and other assets are still in the final stages, £7.5m is the best figure likely to be realised after fees and expenses have been deducted.

This was accepted by creditors, who agreed that Peat Marwick McLintock (PMM), the accountants acting as James Ferguson's administrators, should now petition for the company to be wound up. This will take place in about six weeks time.

Once James Ferguson is in liquidation, PMM will have to consider whether any of the professional advisers who acted for the company when shareholders were asked to approve its absorption of Barlow Clowes were negligent.

Mr Tony Richmond, the PMM partner responsible, said: "I don't want to anticipate anything at this stage. We are taking one step at a time and proceeding towards liquidation."

Mr Richmond said that the forecast of £11m from the sale of assets was based on Mekom Computer Products, the Ferguson subsidiary which marketed laser printers, keeping its licence for the sole UK rights to Kyocera machines from Japan.

Kyocera had the right to terminate the licence if Mekom's circumstances changed. It had now decided to do so and set up its own UK subsidiary.

The prospective buyer for Mekom was only interested in the company as long as it kept its licence from Kyocera. The sale, which was to have been for slightly more than £3.5m, had now fallen through.

Although the maintenance divisioo of the compaoy has been sold for a small sum, the main division, which had the Kyocera licence, is now being liquidated with no residual value.

James Ferguson's principal creditor is the Bank of Credit and Commerce International (BCCI). It advanced £10.5m for James Ferguson to bid for Buckley's Brewery last year, accepting a deposit of £10.5m from another Ferguson company, Lyceum Holdings, to support the loan.

The deposit came from Barlow Clowes investors' funds and has been frozen in BCCI since the investment companies collapsed following the move by the Securities and Investments Board in May to stop the UK operation doing business. It was this action which led to the appointment of administrators for James Ferguson.

BCCI will get the the bulk of the £7.5m and will repay an equal sum from the deposit into the Barlow Clowes liquidation. It will be entitled to keep £3m of the depositors' money used by Mr Clowes to guarantee the BCCI loan, thus recovering the full amount it had at risk.

Legal action by PMM would have to prove that James Ferguson Holdings, which was theo chaired by Mr Clowes, the largest single shareholder, suffered from its acquisition of the Barlow Clowes investment companies and that Barlow Clowes was oot really what the prospectus proposing the acquisition said it was.

Mr Clowes, who knew what Barlow Clowes was doing because he was running it, is one possible target, but so are any of the professional advisers who drew up the prospectus recommending the acquisition and who negligently failed to find anything untoward

AFV Beltrame to establish rolling mill in Britain

By Nick Garnett

AFV BELTRAME, an Italian steel maker, is planning to set up a 100,000 tonne rolling mill in the UK, one of the most significant recent moves across national boundaries in the steel industry.

The company said yesterday that its initial plans did not involve steel making but it wanted to keep all possibilities open.

Beltrame has paid £10,000 for an option on 44 acres of riverfront at Boston, Lincolnshire. It will carry out feasibility and environmental studies over the next six months.

The intention is to take up the option and spend £5m on land, buildings and equipment to begin producing so-called flat products in 1990.

Flats are widely used in the construction and general engineering industries. This is a very competitive product area in which there are at least six significant steel producing or rolling companies in Britain.

The Italian family-owned company claims to be one of the most efficient mini mill producers in Europe. It produces 450,000 tonnes of steel, mainly from scrap at plants in Vicenza and Friuli.

Cullen Turner, the UK distributor for Beltrame steel in which the Italian company has a 52 per cent stake, said Beltrame wanted to build the rolling mill to cut transport costs to markets in northern Europe.

The plan was to export 75 per cent of production from the UK to the rest of northern Europe. The river wharf at Boston is expected soon to have capacity to take vessels up to 7,000 tonnes and there is already a shipping line linking Boston with Duisburg, West Germany.

Beltrame claims a 5 per cent share of the UK market for flats. Production plans for Boston Britain indicate that this would double.

The move by Beltrame will increase price pressures for British-based suppliers. Mr John Safford, director general of the British Iron and Steel Consumers Council, said there were indications that British prices for light steel products have been higher in the UK than on the Continent.

The Beltrame plant would compete with companies such as Sheerness, Allied, United Merchant Bar and Martins and Bromford.

Eurotunnel forecasts revised

By Kevin Brown

REVISED traffic forecasts to be issued shortly by Eurotunnel, the Channel tunnel consortium, will show a fall of about 5 per cent in the number of rail passengers expected to use the link when it opens in 1993.

A report produced by independent consultants for Eurotunnel's bankers concludes that between 15m and 15.25m rail passengers will use the tunnel in its first year.

That compares with a forecast of just over 16m passengers in Eurotunnel's prospectus issued last November.

However, the report, likely to be published early next month, indicates that the number of passengers might reach 16.5m if rail links between the tunnel and central London were improved substantially.

Maxwell returns for Super Channel

By Raymond Snoddy

MR ROBERT MAXWELL, the UK publisher, is to make one final attempt to take over Super Channel, the loss-making satellite television channel beamed throughont Western Europe.

The future of the general entertainment channel, officially launched by Mrs Margaret Thatcher, the Prime Minister, in January 1987, has been in douht for some time as losses continue to run at more than £1m a month.

The channel, now owned by Mr Richard Branson's Virgin group and most of Britain's ITV companies, has been holding discussions with potential buyers for some time.

Mr Maxwell, who already has significant stakes in two satellite channels – Premiere, the film channel and MTV, the pop music channel – made a hid for Snper Channel last month.

The hid was withdrawn, although ironically there are signs later that Super Channel investors were interested in accepting it.

At a board meeting on September 6 it was decided to enter into detailed discussions with United Cable of the US, one of the largest cable network operators in America. United, it is clear, is negotiating on behalf of a consortium of US companies whicb also groups Mr Ted Turner's Cable News Network and Home Box Office, the Time pay-television channel.

The negotiations, it is believed, involve the United consortium committing itself to funding the £15m-£20m forecast to take the channel to hreak-even. In addition, United would have to put up between £3m and £5m to buy out the interests of the ITV companies. Under this deal Virgin would probahly retain a small residual stake.

However, Mr Maxwell has now made it clear that be is willing to pay more to take complete control of the channel and sums of between £5m and £10m are being mentioned.

The UK publisher, who has been involved in satellite television for a number of years, wants a general entertainment channel to complete a package of channels. The aim is to put tbe package of channels on Astra, the Luxembourg television satellite due to be launched in December.

A formal bid for Super Channel is now expected from Mr Maxwell.

UK NEWS

Hurd prepares crackdown on terrorist cash flow

By John Mason

NEW MEASURES to combat the fund-raising activities of the IRA and other terrorist organisations were announced yesterday by Mr Douglas Hurd, the Home Secretary.

Powers enabling courts to seize assets destined for terrorist groups will be included in the Prevention of Terrorism Act when it is renewed next April, he said.

The new laws will aim to tackle the large-scale racketeering which is the main source of IRA funding, but will also allow the police and courts to act against other terrorist organisations.

The handling of money and property to be used for terrorist purposes will be outlawed, even if the fund-raising is through otherwise legitimate businesses. The definition of terrorist purposes will be widely drawn to maximise the effectiveness of the new laws.

Like current legislation against drug traffickers, the burden of proof will be reversed, allowing courts to assume that money and property would be used to finance terrorism unless defendants could prove otherwise.

Police will get new powers to investigate funds under suspicion, including the granting of warrants to examine bank records and banks will not be restricted by contractual obligations from alerting police to their suspicions of transactions by terrorists.

Courts will be able to freeze assets from the moment a person is charged to prevent them being moved out of the UK.

Mr Hurd announced the new measures to the annual conference of police superintendents. He said the annual income of the Provisional IRA was between £3m and £4m with most of this coming from "Mafia-style" racketeering.

Mr Hurd said that while the racketeering involved much crude violence and extortion, the use of apparently legitimate fund-raising through pubs, hotels, taxis and other businesses was on the increase.

He said other international terrorist groups were known to try to use the UK for laundering and banking their funds.

The new measures are believed to have the full support of the Irish Government and were discussed at last week's meeting of the Anglo-Irish inter-governmental conference in Dublin.

Legislation in the Republic already exists to permit the examination of bank accounts and Irish accountants and taxation experts are expected to work alongside British attempts to track down IRA funding schemes.

However, the new measures were dismissed by Protestant politicians in Northern Ireland as likely to have little effect.

Mr Ken Maginnis, Official Unionist MP for Fermanagh and South Tyrone, said: "The cash will be very difficult to trace."

Douglas Hurd: legal powers

Fraud detectives 'devalued'

By Clive Wolman

A LEADING City of London fraud squad officer yesterday admitted publicly to the depth of suspicion and hostility with which the police have greeted the new structure introduced in April for tackling large or complex frauds under the Serious Fraud Office.

Detective Chief Superintendent Gerry Squires said that he and his colleagues viewed the change "as an attempt to undermine the status and areas of responsibility of the police and to devalue their role and their experience in terms of the criminal judicial process."

Speaking at the police conference, Mr Squires said that by giving the Director of the SFO the duty to investigate serious fraud, the Government was challenging the traditional exclusive right of the police (or occasionally other specialist agencies) to investigate crime.

"There was general suspicion among policemen, everywhere, about the nature of their possible association with the SFO," he said. "There were dark rumours that seasoned fraud investigators were to become bag carriers to a bunch of know-nothing accountants and lawyers."

However, Mr Squires said that his own views had been modified over the past few months.

A partnership had been established between the lawyers and accountants of the SFO and the policemen who had joined the investigative team on a particular case. Mr Squires said that the police continued to make operational decisions; for example over when, where and how to make arrests and searches.

Faster line for new cordless technology

By Terry Dodsworth

THE Government is planning to move as quickly as possible into the exploitation of the latest generation of cordless telephone technology despite pressure to delay introduction for the development of common operating standards.

Although ministers have yet to make a final decision, it is now almost certain that the new cordless phones will be introduced early next year. They will be accompanied with a revolutionary system that will allow customers to use the handsets for making calls from selected points in the street — a form of mobile telecommunications which the UK is eager to lead.

Discussions over the future of the cordless system have become increasingly tense during the past few months because of a conflict between manufacturers who want to introduce their own proprietary systems and the need to develop common standards.

The Government believes that the UK industry will have to marshall itself around a universal standard in the near future if it is to sell the technology in Europe. But some of the manufacturers, led by Ferranti, the electronics group which has led the investment effort in the new cordless technology, want to go ahead with the proprietary systems they have developed in order to consolidate their market lead.

Information on the technical criteria for the proposed system are due to be issued by the Department of Trade and Industry over the next few days.

Analysts take the measure of M0

A maligned money guide is winning friends, says Simon Holberton

THE TREASURY's much maligned measure of the money supply, M0, has sudenly found favour with economics analysts in the City of London. There is, it seems, something in nothing after all.

M0 measures the amount of notes and coins in circulation and banks' deposits with the Bank of England. Changes in M0's rate of growth tells analysts by how much the cash holdings of the community is growing – cash that is available for spending in shops and stores and elsewhere – in short, the sharp and of the spending boom.

City economists, eager to identify the time when the economy will slow down, have now taken to scrutinising the Bank's weekly banking return which includes a measure of notes in circulation.

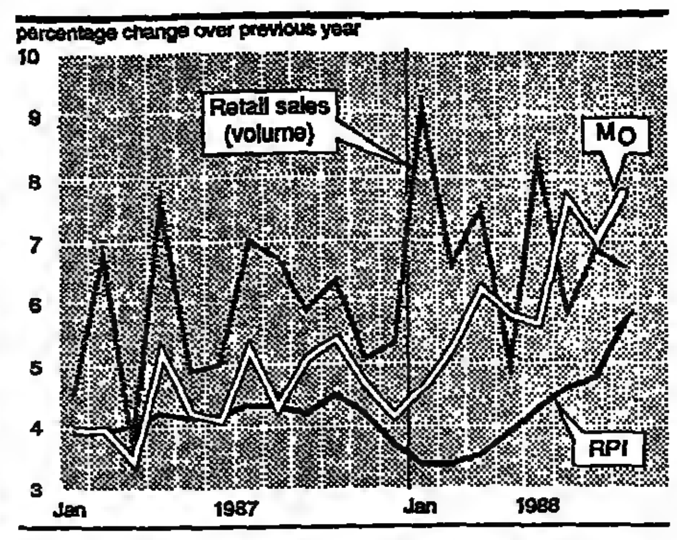
Notes account for about 85 per cent of M0, so fairly accurate, and up-to-date, predictions of the whole aggregates' growth rate can be made.

Mr Stephen Hannah, economist at County NatWest, says: "M0's quality derives from the indication it gives of what is going on in the economy. It is also timely; you get weekly information. We are all looking for turning points in the economy and here we have a week-by-week check on it."

M0 is the last remnant of the Government's early fixation with monetary aggregates and the only measure of money which the Treasury still targets. In his March Budget, Mr Nigel Lawson, the Chancellor of the Exchequer, set a growth target of between 1 per cent and 5 per cent for M0 this financial year.

Until recently, M0 has been impervious to Goodhart's Law, named after a former adviser to the Bank, which states that once you begin to observe a monetary aggregate it starts to misbehave.

The extent of M0's misbehaviour was underlined yesterday when the Bank released figures which showed that it grew at an annual rate of 7.8 per cent in the year to August, well above the upper limit of the Treasury's target and higher than the June annual rate of 7.7 per cent which the Treasury said would be its peak rate of growth for the year.



Those analysts who watch M0 on a weekly basis have detected a pick-up in its rate of growth.

In the second week of September it was growing at around 10 per cent. The Bank suggested that this may have something to do with the recent postal strike, but when pressed admitted that it was at a loss to explain why.

If independent economists agree on anything about M0 it is that the measure is one of the best 'coincident' indicators of UK economic activity; it gives analysts a good idea of what is happening now. But the recent acceleration in M0 would suggest that economic activity is also picking up, and no one really believes that.

Where their views diverge, however, is over M0's predictive ability. The Treasury takes a lot of notice of M0 and seems to regard it as an important indicator of future economic activity.

It watches not only the aggregate's yearly growth rate, but its rate of growth over shorter periods of time such as six months.

At the time the economic forecasts for the March Budget were being worked, a steep fall in the six monthly growth rate of M0 was recorded and this was one of the reasons why the Treasury thought the economy was slowing down and would continue to do so.

Mr Gavyn Davies, economist at Goldman Sachs, the US securities house says, however, that this proved to be a far too mechanistic judgment.

"M0 is a downright liability and to have had it outweigh all other evidence was crazy," he says. "A fall in its growth rate does not necessarily tell you that spending is moderating. M0 fell towards end of last year but retail sales kept on rising."

The aggregate's capability to predict the future course of economic growth and inflation is also hotly disputed among independent analysts.

Mr Davies says: "I wouldn't be surprised if M0 reached double digit rates of growth over the coming months, but that doesn't tell you what's going to happen.

"For money to have any effect on inflation it has to be exogoneous to the system; M0 is just a reflection of the economy so there can be no causal relationship. You can't ascribe causality to something that it entirely passive".

Mr Hannah's research shows, he says, that the growth rate of M0 is 85 per cent accurate in predicting money gross domestic product growth three months hence, and 75 per cent accurate in predicting inflation trends nine months in advance.

"The case for focusing on M0," he wrote recently "is not that there is a causal link between cash holdings and inflation. Rather it is that M0 responds more quickly to overheating pressures than many other indicators."

Countering this, Mr Davies claims that the pick-up in the rate of growth of M0 may not be telling us any more than that the 'black' economy is Britain is booming as well as the rest.

"Cash rises rapidly when people pay their painters and plumbers cash," he says. "The recent surge in the growth of M0 is in no way unconnected with the construction boom."

JOBS

What executive perks are worth in money

By Michael Dixon

TO JUDGE by the inquiries that reach this column, there can be no doubt about what you readers typically see as the ever interesting question. It is pay. But to judge by the brusqueness which sometimes greets my failure to give a clear-cut answer, what some of you don't see is that pay is a highly complex question too.

One of the complications, although far from the most perplexing, arises of course from the awarding of fringe benefits. Perks like company cars and pension entitlements clearly make up an important part of the reward for the job. But wide variances in such benefits make it difficult for people to divine how they compare for total rewards with others doing similar work even in the same country, let alone with counterparts overseas.

Fortunately, today brings a pioneering effort to lighten the darkness – within the United Kingdom at least – by the pay consultancy branch of the Noble Lowndes group. The branch has produced a survey which besides indicating the pay UK executives receive in money, goes into great detail about their perks. Moreover it sets a £-a-year value on all but one of the kinds awarded in anything short of distinctly eccentric circumstances. The exception is share options.

The survey covered 181 assorted companies in Britain, and the table above shows a few of the results. Anyone who wants the full report, which as well as containing oodles more data explains the methods used to value fringe benefits, should contact Don McClune, the branch's director (telephone 01-686 2466, fax 01-681 1458; address PO Box 144, Norfolk House, Wellesley Rd, Croydon CR9 3EB.)

Position	Industry and commerce other than the finance sector: Lower quartile Money pay £	Lower quartile Total rewards £	Median Money pay £	Median Total rewards £	Upper quartile Money pay £	Upper quartile Total rewards £	Average Money pay £	Average Total rewards £	Finance sector: Average Money pay £	Finance sector: Average Total rewards £
Chief executive	50,000	61,501	64,000	77,498	99,534	123,046	84,446	103,072	107,679	157,671
Finance head	32,924	42,653	41,848	53,480	66,610	77,674	54,365	68,362	45,265	58,855
Sales & mktg h'd	30,288	39,732	35,650	45,932	50,978	63,405	42,988	55,147	–	–
Admin. head	29,375	34,149	39,228	49,447	45,477	81,104	43,769	54,096	49,959	64,490
Production head	31,498	40,238	33,245	40,250	42,348	58,281	40,015	50,753	–	–
Personnel head	27,544	35,283	36,700	45,243	50,265	63,301	39,963	50,697	–	–
Co. secretary	27,670	34,132	35,500	48,012	45,150	57,540	37,538	48,415	44,953	59,756
R & D head	23,661	30,040	36,000	46,876	49,297	58,500	38,390	48,358	–	–
DP head	23,003	31,353	32,130	40,208	42,004	54,478	35,453	45,619	44,210	56,474
Engineering head	22,009	28,294	24,788	32,864	33,683	41,734	28,771	37,337	–	–

My sample is confinad to chief executives and the heads of nine functions: financial management, sales and marketing, administration, production, personnel, company secretariat, research and development, data-processing, and engineering. In each case the table gives indicators of the money pay – basic salary plus bonuses mainly of the incentive type – and of the total rewards inclnding the value of fringe benefits.

The first pair of columns of figures show the money sums and the totals for the lower-quartile person, who would be placed a quarter of the way up from the bottom of a ranking of all in the same kind of job. The next two pairs respectively do likewise for the median person in the middle of the ranking, and for the upper quartile a quarter way down from the top. Then come the averages among the people in each group.

All the columns mentioned so far refer solely to chiefs and function-heads in husinesses outside the finance sector. But tha final two columns giva comparative averages, where practicable, for equivalent executives in banking and the like.

One thing suggested by the comparisons is that the finance sector tends to value the heads of in-house financial functions sharply lower than other kinds of businesses do. Perhaps City-type companies' familiarity with risking other people's money breeds contempt for the work of managing 'heir own.

Otherwise, hov.ever, the finance-sector equivalents do better not just in money pay hut – with the exception of data-processing heads – in the worth of fringe benefits enjoyed. That is especially so in the case of chief executives. The City-types' perks add nearly half as much again to the cash element on average, compared with less than a quarter as much again for their counterparts in different fields of activity.

Moreovar, as the following list shows, the finance-sector chief executives tend to receive a lower percentage of their cash pay in bonuses, including the results-related kind which Noble Lowndes approvingly says are in growing vogue among UK employers overall.

Position	Bonus as % of cash pay
Industry etc:	
Chief executive	17.5
Production head	13.8
Personnel head	10.9
Finance head	10.8
Sales & mktd h'd	10.0
R & D head	9.4
Co secretary	9.3
DP head	9.1
Admin head	8.6
Engineering head	5.9
Finance sector:	
Finance head	18.8
Admin head	17.3
Chief executive	16.0
Co secretary	9.6
DP head	9.0

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Suitable candidates who are likely to be in their late 20's or early 30's will hold *a post-graduate qualification in Economics* and have a *record of success* in industry, government, finance or research.

A competitive and attractive salary package will be offered and, although initially based in Moorgate, London, career development prospects are excellent with opportunities likely to occur across the range of BP's international businesses.

Please write with full c.v., quoting ref. B.421, to Susan Faircloth, Recruitment Branch, The British Petroleum Company p.l.c., Britannic House, Moor Lane, London EC2Y 9BU. Fax: 01-920 8263.

BP is an equal opportunity employer.

The British Petroleum Company p.l.c.

INTERNATIONAL BANKING

DEPUTY TO HEAD OF MARKETING

to £35,000

Recent reorganisation and a new branch strategy at this leading international bank has led to an expansion of both the client and the product base. To control this expansion a No 2 is required to supervise the day to day marketing effort, as well as taking responsibility for an active client portfolio. The emphasis is on relationship banking, product knowledge and man management skills. An in-depth knowledge of building societies, insurance companies and other financial institutions would be an asset.

Contact: Jocelyn Bolton

SCANDINAVIAN MARKETING

£25-40,000

Due to continuing growth in this sector opportunities exist with a number of Northern European banks. The primary requirement is for Marketing Officers with a track record in the provision of commercial banking and/or corporate finance products to corporates in Sweden, Norway and Denmark. In addition to a minimum of 2 years' relationship management experience, candidates should have a knowledge of at least one Scandinavian language. An attractive remuneration package is assured for those whose experience and qualifications match the criteria.

Contact: Loretta Quigley

ACQUISITION FINANCE

c.£30,000

Our client is prime US investment bank with a strong commitment to acquisition finance. Recent restructuring has led to the need to recruit an additional Account Manager to get involved in both originating and closing a range of UK leveraged transactions including LBOs, MBOs and Public Acquisitions. In addition to having substantial experience in these areas, candidates will ideally have gained some exposure to syndicated leveraged lending. The successful candidate is likely to be aged between 25-35 with a high level of self motivation and the ability to communicate at all levels.

Contact: Loretta Quigley

For further information please telephone 01-606 1706, or send a Curriculum Vitae to Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.

Financial Recruitment Specialists Anderson, Squires

Corporate Treasury Analyst

VICTORIA

£neg

One of the world's largest enterprises, B·A·T Industries has worldwide interests in financial services, tobacco, paper and retailing. The Group achieved turnover last year of £19bn, and has a market capitalisation of around £6.5bn.

We now seek a talented individual for our Group Treasury which is part of the small headquarters team of this dynamic and rapidly changing company.

This challenging role will include evaluation of new financial products, developing management information systems, project analysis, the negotiation of debt facilities, and some money market dealing.

Candidates will ideally be graduates and have experience in a Corporate Treasury department. Student membership of the Association of Corporate Treasurers would be an advantage.

An attractive remuneration package will be offered for the successful candidate and prospects for personal development in the Group are excellent.

Please write with full C.V., or telephone for an application form to: Mark Parker, Personnel Manager, B·A·T Industries plc, Windsor House, 50 Victoria Street, London SW1H 0NL. Telephone: 01-222 7979.

BAT INDUSTRIES

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LONDON **circa £40,000**

YOU are a property finance specialist familiar with the UK market. Probably aged between 25 and 35, you have the drive and enthusiasm to build up the portfolio of medium and large ticket business with an organisation already active in this area.

THE ORGANISATION, a major international bank, has created an opportunity for a pro-active banker to take responsibility for the development of this area of their business, operating within a supportive senior management structure.

THE ROLE presents an attractive opportunity to individuals who would wish to progress their careers within a high profile team. The emphasis is on the origination and evaluation of property development and investment financing business with particular reference to the London market.

If you are looking for an environment where the only restriction to the growth of the property book will be the quality of the deal, then contact in confidence, Susan Milford, Divisional Manager, quoting ref. CG8438.

MANAGEMENT PERSONNEL 25 City Road London EC1Y 1AA
Tel: 01 256 5041 (24 hours)
Fax: 01 374 8848

Management Personnel
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Urgently required for city based finance house. Excellent prospects and unlimited rewards for money motivated, ambitious and well spoken graduates

Please contact
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on 01-4045580

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An established and profitable British Investment Bank is currently expanding their Domestic and Euro Convertibles team.
SALARY NEGOTIABLE

Please call Emily Hall, Meridian Recruitment Consultants, 25 Museum Street WC1. 01-295 1555

CHIEF ACCOUNTANT

£21K plus. + car & extensive benefits.& Qualified ACMA or equivalent for successful subsidiary of large group. Based Thanet, Kent. 5-10 yrs post qual. exp. in industrial environment. Age 25-40.

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Tel: 0233 45678

Banking Consultant to join expanding Executive Division of well-established small privately owned consultancy. Dynamic, self-motivated graduate, preferably with city experience. Aged 22-30. Tel: 430 1551/2635 (days) 876 7245 (evening - answerphone)

Samuel Montagu & Co. Limited – part of Midland Montagu – is now recruiting additional executives for its expanding Corporate Finance Division.

CORPORATE FINANCE

Chartered Accountants or qualified solicitors are required, preferably with a year's post qualification experience with a major City firm or merchant bank.

Self-motivation is essential, together with high standards of professionalism and a strong determination to succeed.

Prospects for progression are excellent. The remuneration package is highly competitive and will include the usual banking benefits.

Please write with full personal and career details to Ian McIntosh, Managing Director, Samuel Montagu & Co. Limited, 10 Lower Thames Street, London EC3R 6AE.

Samuel Montagu & Co. Limited
A member of The Securities Association

UK BUSINESS DEVELOPMENT

The City · from £35,000 + car

Since its inception six years ago, the London International Financial Futures Exchange — LIFFE — has established itself as one of the world's leading exchanges in financial futures and options contracts.

Following an internal promotion, we now wish to appoint a manager in UK business development, who will be responsible for a small team and for the further development and implementation of the Exchange's strategy in the UK. The role will involve:

- *supporting Members' use of the market*
- *developing and maintaining relationships with UK financial industry bodies*
- *designing technical research and literature promoting the use of LIFFE products by UK financial institutions*
- *researching and supporting products*
- *encouraging a favourable taxation and regulatory environment for domestic users of LIFFE contracts*

Candidates will preferably be graduates, should be able to demonstrate a thorough knowledge of derivative products and their underlying cash markets, and should have extensive experience of the UK institutional environment. Direct knowledge of fund management techniques will prove a distinct advantage. Excellent communication skills — both verbal and written — and the ability to liaise effectively at the most senior levels are, naturally, essential.

Please send your full cv to Helen Jenkins, Personnel Manager, LIFFE, The Royal Exchange, London EC3V 3PJ.

LIFFE

The London International Financial Futures Exchange

PORTFOLIO MANAGER

DUBLIN

The Investment Bank of Ireland Limited is a wholly owned subsidiary of Bank of Ireland. Its investment department is the leader in its field in Ireland. It manages a wide range of funds on behalf of insurance companies, pension funds, unit trusts, charities and private clients. Funds under management are in excess of £2,000 million.

Due to the continuing expansion of our business we wish to recruit an additional Portfolio Manager.

The successful candidate will be expected to manage a wide variety of investments - international and domestic fixed interest securities, equities and other financial instruments. They will be individuals of high calibre, capable of developing a good working relationship with our institutional clients. They will also have a extensive knowledge of the financial services industry and their experience will probably have been gained in a merchant bank, insurance company or a stockbroker. The position will be attractive to an energetic, innovative and ambitious person who desires to live and work in Dublin.

The salary for the above position will be extremely competitive and will reflect the importance of the position. In addition, we offer fringe benefits normally associated with a major financial institution.

Please write, in complete confidence, enclosing details of career to date to:

Mr. F.J. Healy
Associate Director - Personnel
The Investment Bank of Ireland
26 Fitzwilliam Place
Dublin 2.

THE INVESTMENT BANK OF IRELAND LIMITED

THE ASHRIDGE MBA
INTERNATIONAL FACULTY
£28K-32½K
PLUS CAR AND BENEFITS
PLUS OPPORTUNITIES FOR PRIVATE CONSULTANCY

Ashridge Management College is one of the world's leading independent management development centres. Ashridge's work embraces short residential programmes, consulting and research, as well as the highly innovative, executive MBA Programme. The MBA is set for considerable growth as it is being supported by an ever increasing number of international organisations. This creates the need for additional faculty with a good record of academic and organisational achievement to work with a highly motivated MBA tutorial team. Applicants from a wide range of business disciplines and with a good overall grasp of strategic business issues are invited to join the Ashridge faculty. Applicants with an interest in the following areas, however, will have a distinct advantage:

- International Business Environment
- Comparative Corporate Strategy
- International Human Resources & Personnel Management
- Comparative Organisation Behaviour
- International and Corporate Finance
- Strategic Information Systems

Experience of supervising or managing practical projects which form an important part of the MBA programme, together with international experience and ability to communicate in a European language in addition to English will also be an advantage. Successful applicants will be encouraged to contribute to the College's range of other services. Ashridge offers an excellent remuneration package in addition to which successful applicants will be able to pursue consultancy for their own benefit. Typical age range 30-45. Short listed candidates living outside the UK could be interviewed in their country of residence.

Please apply in writing with a full curriculum vitae to The Personnel Department, Ashridge Management College, Berkhamsted, Herts HP4 1NS, England.

Ashridge

TRAINEE WANTED

for Foreign Exchange Brokerage Firm. Must be fluent in English and Japanese. Excellent business opportunity and room for advancement. Inquiries to Dave McCarthy (212) 938-8254 USA.

INSTITUTIONAL FUND MANAGEMENT

A number of our clients continue to seek Fund Managers *with at least four years' experience* of investment management and/or analysis, to take responsibility for managing funds invested in UK, European or Far Eastern equities or Fixed Income markets.
Please contact James Younger.

PRIVATE CLIENT FUND MANAGEMENT

Several Merchant Banking and Stockbroking clients wish to expand their Private Client departments by attracting high calibre teams or individuals with attached business. Discretionary Portfolio Managers with sound UK equity knowledge are of particular interest.
Please contact James Younger.

SECTOR ANALYSTS

Our clients, well ranked UK firms of Stockbrokers, require key Research Analysts with 2-10 years' experience in most UK/European sectors. Of particular interest are Chemicals, Brewing and Leisure, Property, Engineering or Smaller Companies.
Please contact William Dickins.

Whether you are actively looking for a move or simply wish to be kept informed of relevant situations in the future, we are pleased to advise you in confidence at 30 Cousin Lane, London EC4R 3TA. Telephone 01-236 7307. Fax 01-489 1130.

STEPHENS ASSOCIATES
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The way ahead in an expanding business

Trust Executive

Enfield c £16,200

In the fast-expanding financial services sector Midland Personal Financial Services is well ahead – a dynamic business enterprise with a nationwide network of outlets and a team of consultants servicing the complex and changing needs of an ever-discriminating market.

We now have an opening for a forward-looking professional in an enthusiastic team handling trust services and products at our Financial Services Centre in Enfield. The ability to identify potential new business as well as the administration of estates to the highest professional standards are the essential requirements of this post. Candidates should have 2 years' Trust Administration experience and qualifications relevant to the Financial Services industry together with a confident manner in communicating at all levels.

Starting salary will be c £16,200 (including a territorial allowance). Benefits include preferential mortgage and loan facilities (after a qualifying period), non-contributory pension and annual bonus schemes plus generous annual leave.

Write in the first instance, enclosing a comprehensive CV, to John Fish, Financial Services Centre Manager, Midland Personal Financial Services, 47 London Road, Enfield, Middlesex EN2 6BX. Alternatively, please telephone 01-367 4666.

MIDLAND
PERSONAL FINANCIAL SERVICES

A MIDLAND GROUP COMPANY

QUANTITATIVE ANALYST

Salomon Brothers International Limited is seeking a high calibre individual to join a group which provides in-depth quantitative analysis to our Corporate Finance and Capital Markets Groups and to their clients.

As such you will be joining a well established analytical team at one of the world's leading securities firma.

Suitably qualified candidates will have a quantitative degree, be capable of providing computer assisted analysis and have highly developed communications skills. Applicable experience may have been gained in a corporate treasury or corporate planning environment. An MBA is an advantage but not a requirement.

We offer a generous package including an attractive salary and a full range of fringe benefits. Please write in confidence, with full career details, to Pandit Crite, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.

Salomon Brothers International Limited

MEIKO EUROPE LIMITED

Japanese Securities Sales
Euro Warrant Traders

Challenging positions offered to qualified persons with at least two years experience. Your enthusiasm and performance will be rightly rewarded.

Meiko Europe Ltd is a subsidiary of Meiko Securities Co Ltd, a member company of Sumitomo Group and one of the fastest growing securities companies in Japan.

Please send CV to: Mr Eigo Kudo, President and Managing Director, Meiko Europe Limited, 5th Floor, 2 Honey Lane, (off 107 Cheapside), London EC2V 8BT. Telephone: 01-600 0290

SENIOR MANAGER – OPERATIONS £35,000 + CAR
Top tier US Bank requires a highly experienced Senior Manager with solid international banking experience, particularly in the areas of Loans, Documentary Credits and Payments together with proven man-management skills to oversee three managers and staff in the Operations area. This is an excellent opportunity for a senior graduate banker as it is envisaged that the successful candidate will assume broader responsibilities in keeping with career advancement within 2-3 years.

ASSISTANT MARKETING MANAGER £35,000
Established European Bank currently seeks a Senior Assistant Manager to develop and maintain existing relationships with the UK Top 200. Educated to a high standard, with a thorough knowledge of corporate finance, you will have a minimum of 8 years experience which will have enabled you to develop excellent credit skills coupled with the well developed inter-personal skills normally associated with such a position.

CREDIT ANALYST £25,000
A high calibre Credit Analyst with a minimum of 3 years experience in UK/Overseas Corporates and Financial Institutions is sought by a prestigious International Bank. Aged 25-30 you will possess a good degree and ideally be American bank trained. Primary responsibilities will include assisting the senior manager, evaluating business propositions and making regular presentations to the Credit Committee.

ACCOUNTANT c£24,000
Major US Securities House requires a newly qualified ACA/ACCA to undertake all accounting functions including intercompany accounting, reconciliations, management accounts, balance sheet commentary and budget analysis. The successful candidate will possess a good degree, a sound knowledge of financial accounting and significant previous exposure to PC's coupled with excellent communication skills.

JOSLIN ROWE
11 Blomfield St., London EC2. Tel: [illegible]
RECRUITMENT CONSULTANTS

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MELLON BANK N.A.
London Branch

TRADE BANKING OFFICER
Middle East/Africa

Position requires calling in support of U.S. and European clients who export to region. This port also involves the continued development of an existing correspondent bank network. Country risk analysis and the monitoring of credit facilities is required.

Candidates should have substantial experience in trade banking including credit analysis and marketing (three to five years). Fluency in French is required and familiarity with Arabic beneficial.

A competitive benefits package is offered, together with a negotiable salary.

Please apply in writing enclosing a current Curriculum Vitae and salary details to:
David Blackman, General Manager, 6 Devonshire Square, London EC2M 4LB

INDUSTRIAL ENGINEER/ MARKETING EXPOSURE

Applications are invited from experienced graduate Engineers with Several years of practical experience in:
- Construction
- Industrial Projects
- Feasibility Studies
- Marketing Techniques etc.

Exposure to Middle East markets would be a distinct advantage.

The successful candidate will receive an attractive remuneration package consistent with a major International Company.

Please reply to: Gulf Development Company Ltd
Gulf House
128 Park Lane
London W1Y 3AE

TWO SENIOR ECONOMISTS
with

A) LEGAL BACKGROUND

B) OIL & GAS EXPERIENCE

We are an active and expanding International Company operating worldwide. Several important new positions have been created for experienced economists.

Suitable candidates who are likely to be in their 30's or early 40's will hold a postgraduate qualification in Economics and have a record of success in oil & gas industry, industrial research, government and legal.

A competitive and attractive salary package will be offered, and although initially based in London, career development prospects are excellent with opportunities likely to occur across group international business.

Please reply to: Gulf Development Company Ltd
Gulf House
128 Park Lane
London W1Y 3AE

INTERNATIONAL STOCKBROKERS

SPANISH EQUITIES SALESPERSON

To sell U.K. and European equities to Spanish clients.

Pre-requisites are: good degree in Economics or kindred subject; fluent written and spoken English and Spanish; relevant working experience in international financial community and specific knowledge of Spanish business community.

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To cover analysis of the engineering/motor sectors throughout Europe.

Pre-requisites are: good degree, preferably an MBA; fluent written and spoken English and German; good working knowledge of French, Spanish, Italian and Swedish.

Write to A0996, Financial Times, 10 Cannon Street, London EC4P 4BY

STOCKBROKERS

We are a West End firm of stockbrokers specialising in servicing the needs of private clients and small institutions as well as raising finance for medium sized companies.

Our emphasis is on quality of service and prompt and efficient settlement. We require experienced salesman with clientele and are prepared to offer a flexible package with good administrative backup.

Please write in confidence to:
H. Shore, Puma Securities Ltd, 1 Maddox St, London W1. (Members of the T.S.A.)

THE CITY PROGRAMME

THAMES TELEVISION

Thames Television's successful weekly financial programme, launched last Autumn, requires a:

REPORTER

The successful applicant will have had several years of journalistic experience and a detailed knowledge of the financial scene. Proven front-of-camera abilities an advantage.

This post is a contract post within the Current Affairs Department at our Euston studio complex.

For an application form for this position, please telephone our Personnel Department on: 01-387 9494. Alternatively, you may send in a comprehensive Curriculum Vitae to 306-316 Euston Road, London NW1 3BB. Applications should be received by no later than the closing date, Friday 30 September 1988.

Thames is an equal opportunities employer and welcomes all applications regardless of sex, ethnic origin and marital status.

Parrish Stockbrokers is an independent agency stockbroker with offices in London, Bournemouth, Cirencester, Colchester and Westcliff on Sea.

The Parrish philosophy is to provide a first class service to the private investor; we regard this as a growth area, and are currently recruiting for our London and Regional Offices.

Members of The Stock Exchange/Registered Representatives who are competent and enthusiastic but feel frustrated in their present environment and who wish to join an expanding and friendly firm should contact Keith Smith on 01-638 1282 for an initial discussion.

CORPORATE FINANCE

James Capel's successful London based Corporate Finance Department is recruiting a number of experienced executives. These will be key appointments for candidates seeking increased responsibility in:

- Domestic Corporate Finance
- European and International mergers and acquisitions

Applicants should be graduates and possess one to four years' Corporate Finance experience with a major merchant bank, stockbroker, industrial group or accountancy practice. Ideally they will also have an accountancy, law or M.B.A. qualification. In addition for the European appointments, relevant language expertise is essential and candidates should have cross border mergers and acquisitions experience. Remuneration will be according to experience and will be attractive to high calibre applicants.

Applications will be treated in the strictest confidence and should be sent, together with a C.V. to: Rodney Lonsdale, Head of Personnel, James Capel & Co., 6 Bevis Marks, London EC3 7JQ.

James Capel®
THE GLOBAL INVESTMENT HOUSE

Member of The Securities Association. Member of The International Stock Exchange.
® James Capel refers to a group of companies based in London, England which provides investment services in a variety of markets.
member HongkongBank group

Euro Brokers Limited

CURRENCY OPTIONS

A rare opportunity to join an established broking company to help set up a Currency Option desk on a worldwide scale.

A vacancy has arisen for an ambitious person with a flair for sales to market currency options in the UK and into Europe. Interested applicants should be highly motivated and should preferably speak a foreign language.

Salary packages will be commensurate with experience.

Please apply be telephone or in writing to:
Cindy Buggins (Director)
or David Wolstenholme (Associate Director)
on 01-929 1744
at Adelaide House, London Bridge, London EC4R 9EQ

Coffee Trader – Antwerp

On behalf of the Coffee Department of an old established Belgian Commodity Trading House, we are seeking a dynamic young Dealer.

The successful candidate for this Antwerp based position will probably be under thirty and have the drive and enthusiasm to make an immediate contribution to this expanding operation. Two years experience in the trade of either Arabicas or Robustas is preferred, although applications from candidates with backgrounds in Cocoa or other Soft Commodities will be considered.

The opportunity to travel to French speaking origins necessitates either a knowledge of French or the willingness to acquire it.

Interviews with our Client will take place in London on the 28th, 29th and 30th September.

For further information please contact
Trish Collins on 01-929 2383.

Exchange Appointments

Fourth Floor,
No. 1 Royal Exchange Avenue,
London EC3V 3LT.
Tel: 01-929 2383

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EQUITY ANALYSTS
MULTICURRENCY SALES/TRADERS
JUNIOR OIL ANALYSTS

Our Clients are of the highest quality, hence an outstanding track record and proven ability are prerequisites for the above. It is unlikely for you to have less than 2/3 years' experience with a stockbroker or financial institution.

Please apply in confidence to: MIKE BRENNAN on 01-430 1551/2653 or write Executive Selection Division, 9 Brownlow Street, Holborn, London WC1V 6JD.

DSA

DULCIE SIMPSON APPOINTMENTS · DULCIE SIMPSON APPOINTMENTS

ANALYSIS PORTFOLIO MANAGEMENT LTD
(A member of IMRO)

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Analysis Portfolio Management Ltd, a subsidiary of The Analysis Group Plc manages private client portfolios and institutional Life and Pension funds. To support our continued expansion and development we require an investment manager with well developed communicating skills to join our existing investment management team.

The position will be based in the head office at Harrogate, a very attractive location offering immediate access to the Yorkshire Dales.

Salary will be commensurate with experience with usual large company benefits including car.

Please write with C.V. to Morris Osman,
Admin. & Personnel Director, The Analysis Group Plc,
Analysis House, 1 Park View, Harrogate HG1 5LY

Appointments Advertising Also Appears on Page 37

Shepherd Little & Associates Ltd
Banking Recruitment Consultants

CORPORATE BANKING £25-£30,000

A graduate banker aged late twenties/early thirties with in-depth corporate banking experience is sought by this City-based International Bank.

The job requires applicants to have a proven track record in international lending and project finance, involving documentation and financial analysis, using spreadsheet packages. The successful candidate will have some involvement in business development in addition to the above, and in return the job will be expanded as the skills of the incumbent further develop.

Please contact Christine Clayton

Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 01-626 1161

Capital Markets Documentation

Swaps

We currently have a vacancy for someone to be attached directly to our swaps group, to co-ordinate the documentation required for often-complex swaps transactions. This would involve liaison with our in-house Documentation team, and outside lawyers. Candidates should ideally have at least a year's related experience. Some accounting knowledge, together with expertise in handling a computerised database, would also be useful.

This position offers a competitive salary and an excellent benefits package, together with the security of working for one of the world's leading financial organisations.

Please send a detailed CV, along with details of current salary to:

Mr. R. R. Ambridge, Personnel Department, Nomura International Limited, Nomura House, 24 Monument Street, London EC3R 8AJ.

NOMURA

Group Pensions Manager

c.£28,000 - £30,000 + car

Furness Withy, one of the UK's longest established Shipping Groups, is seeking an experienced Pensions Manager to assume control of its pension schemes which are administered from the Group's Head Office at Redhill, Surrey.

The position carries full responsibility for leading a team covering the full range of duties involved in the operation of a £100m fund using our computerised administration system. Close contact with members, pensioners and group companies and liaison with actuaries, solicitors and investment managers is of key importance.

Candidates should be PMI qualified and broad pensions experience within a reasonably sized contracted-out company scheme is more important than age.

We are offering a salary of c£28,000 - £30,000 together with attractive benefits including a company car and BUPA.

If your experience matches our requirements, please telephone or write for an application form to Rosemary Hill, Head of Personnel, Furness Withy (Shipping) Limited, Furness House, 53 Brighton Road, Redhill, Surrey RH1 6YL. Telephone: 0737 775015.

Furness Withy (Shipping) Ltd

CREDIT/MARKETING

We are currently acting for one of the world's top 20 Banks, which is embarking on an exciting programme of expansion in London, to introduce high calibre bankers to undertake the following significant appointments:

SPECIAL FINANCE

Working within a small, professional and active specialist finance unit, this is a rare opportunity for a well educated, personable and ambitious person, probably in the age range 23-28, with a credit background to undertake a highly visible role. It is envisaged that the successful candidate may ultimately progress to an independent marketing role to major corporate clients in Europe, the Middle East and Africa.

Salary c£20,000 + benefits

JNR ACCOUNT OFFICER

Situated within the Corporate Finance area, this position calls for analytical skills and an understanding of the corporate lending market, and offers good career prospects. Candidates should be well educated, preferably to degree level, aged early 20s, have relevant experience gained within international banking and prepared to undertake a variety of duties.

Salary to £18,000 + benefits

MARKETING SUPPORT

This position offers an opportunity for an intelligent and ambitious young person, aged between 20 and 25, with credit-related skills and experience including loans documentation, to assist in the marketing activities of a small team involved primarily in sovereign lending and cross border trade finance. Candidates offering French language, together with degree level education and potential for future advancement, will be particularly well received; keyboard skills would be an advantage.

c£18,000 + benefits

For further details, please call Maggie Griffiths or forward a c.v. to:

GORDON BROWN & ASSOCIATES LTD.
RECRUITMENT CONSULTANTS
57/59 LONDON WALL, LONDON EC2M 5TP
TEL: 01-628 7601

Gordon Brown

NEW ISSUE SYNDICATIONS ORIGINATION

The International securities subsidiary of an International bank requires an experienced new business originator to complement the trading and sales teams in their London Office.

CORPORATE FINANCE EXECUTIVE ASSIT FINANCE

This position has been created as an integral part of the Capital Markets sector of a reputable International bank and requires an excellent working knowledge of the primary and secondary capital markets; knowledge of UK & US tax law implications in structuring complex financial packages

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£15,000-20,000

A responsible position heading up the new products settlement team in an international bank which is very active on SWAPS, Options, Futures and FRA's. Excellent settlements experience and organisation skills essential.

OLD BROAD STREET BUREAU LTD
STAFF CONSULTANTS
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EXPAND YOUR BUSINESS IN THE U.S.

Executive, experienced in the U.S. and world markets, seeks a senior management position with a high tech company wanting to establish, or expand, it's business in the U.S.
Please contact:
Michael Mulcahy, 10081 United Place, Cupertino, CA 95014. Tel: 408-446-5727

U.S. OIL INVESTMENTS

Oil company sold. Chief operating officer seeks new challenge representing foreign investors or building company. Profits-driven, executive/technical professional. Mobile. Contact:
COO, 1000 First Place, Tyler, Texas 75702 USA (214) 597-8134.

Swiss, 27 dynamic, flexible. German, English, French, Italian. Technical training, commercial school, marketing diploma. Job experience: product design and maintenance, sales and marketing. Seeks position in international consulting/trade/marketing. Willing to travel/relocate.
Write Box A0993, Financial Times, 10 Cannon Street, London EC4P 4BY

CONSTRUCTION CONTRACTS

Trowbridge shopping centre

SIR ROBERT McALPINE & SONS has been appointed by Shearwater Property Holdings for the £11m Phase 2 of Trowbridge town centre redevelopment scheme, known as The Shires. Construction, already underway, is scheduled for completion by Spring 1990. Phase 1 is also being built by Sir Robert McAlpine & Sons.

Located on a 16,000 sq metres site bounded by Castle Street, Wicker Hill and the River Biss, this second phase will provide a shopping centre together with catering/restaurant facilities, accommodation for a museum area and car parking. The listed buildings on the site will be refurbished to provide a further 1,050 sq metres of retail space and 500 sq metres of restaurant accommodation.

Other buildings on the site will be demolished to make way for 9,500 sq metres of retail accommodation, 10,200 sq metres of car parking and 2,650 sq metres of connecting malls. Construction will be of steel frame on part pad and part piled foundations.

The buildings and car parks will be linked by pedestrian malls. These will converge and form a central atrium, of steel frame construction three storeys high, containing four escalators, lifts, public amenities etc. The work includes the construction of access roads and service areas, footpaths and landscaping.

Refurbishing Aberdeen courthouse

Contracts totalling £12.5m have been awarded to MOWLEM SCOTLAND. Two of the main projects are for the PSA (Edinburgh) The largest contract is a £4.4m scheme involving refurbishment of the Aberdeen Sheriff Courthouse on Union Street, Aberdeen. Work comprises replacement of internal walls, doors and trims, alteration and provision of window openings, strengthening floors, installing proprietary and plastered ceiling finishes and fitting most rooms with a mechanical supply and extract system. The project started in early September and is scheduled for completion in 33 months.

The other contract for the PSA is a £2.4m scheme to upgrade accommodation facilities at RAF Lossiemouth. It involves construction of two-storey accommodation blocks to replace old prefabricated units.

At Heriot Watt University, in Edinburgh, a £2.52m contract has been won for the construction of a main entrance complex. The work comprises the erection of a 2,500 sq metres single-storey building and a steel-framed, multi-purpose hall together with other ancillary accommodation. Work is scheduled for completion in early 1990.

Other contracts include work for the Common Services Agency (Dundee), SSEB (Glasgow), Edinburgh District Council and four further contracts from the PSA.

Georgian mansion restoration plan

Following its acquisition of Old Government House, Chester, NORWEST HOLST DEVELOPMENTS, has been granted planning permission and listed building consent for a £2m development of the well-known landmark.

The Grade II listed Georgian mansion in Dee Hills Park was built in 1814, and occupies a site on the banks of the River Dee with views over the meadows to the Welsh hills. Until recently it was occupied by a succession of government departments.

Norwest Holst proposes a sympathetic restoration and extension providing 16,000 sq ft of offices which will be offered for sale, freehold, in suites of varying size.

Norwest Holst Construction has started work, and the project is due to be completed by February 1989.

Offices at Hull marina development

CLUGSTON CONSTRUCTION has won three design and build contracts spanning Yorkshire, Humberside and East Anglia, together worth £2.5m. The biggest is the £1.46m Marina Court office development overlooking Hull marina, now a burgeoning business district of the Northern fishing port. The contract involves the construction of 17 one and two-storey office units with a total floor area of 2,600 sq metres for English Estates.

The second largest contract, at £540,000, is also for English Estates. Three factory and warehouse units with a combined floor area of 2,800 sq metres are being built on the Hellaby Lane Industrial Estate

Clugston's Peterborough office has received a £480,000 contract with Dow Chemicals at King's Lynn, Norfolk, another design and build scheme.

The contract combines heavy civil engineering and building works with the construction of foundations for a chemical containment plant and a building extension. A lagoon and containment works are to be provided

City of London offices project

HIGGS AND HILL BUILDING has started work on a £3m contract for the complete fitting out of an office building at 65 Clifton Street, London EC2, for Taisei Europe on behalf of the owner, Quick Corporation of Japan.

The building, which has been completed to shell and core stage, comprises two wings, one of five storeys and the other of two, providing more than 3,500 sq metres of office accommodation.

The 26-week fitting out programme includes the installation of a computer room and the provision of raised floors to accommodate the services. Complete mechanical and electrical services will also be installed. Project manager is Taisei Europe.

Building North Devon hospital

RUSH & TOMPKINS has started work on a £2.1m hospital to be built on a greenfield site at Holsworthy, near Bude, North Devon for North Devon District Health Authority. The single-storey hospital will comprise a 28-bed ward and a 15-place geriatric day hospital and small outpatient unit, including physiotherapy and occupational therapy departments. The structure is of traditional brick and blockwork, with a pitched roof of slate tiles. Total floor area is 2,225 sq metres. The hospital has been designed by the Regional Design Service of the South Western Regional Health Authority, who is also supplying mechanical and electrical engineering and quantity surveying services. The contract is due for completion in February 1990.

Californian sports complex

TAYLOR WOODROW CONSTRUCTION CORP, of New York, has been awarded a $4.7m (£2.76m) contract to build sports facilities for the City of Ontario, California, on the 23-acre Westwind Sports Park, near to the municipal airport at Ontario - 30 miles west of Los Angeles. The contract calls for the construction of a 26,000 sq ft main gymnasium and separate buildings for retail units, maintenance equipment and rest rooms. All the buildings will be single-storey with load bearing brickwork walls. The gymnasium will have a pitched standing seam roof.

West End hotel expands

Work has started by MANSELL on a refurbishment of the Viceroy Hotel as an annexe to the Plaza on Hyde Park at London's Lancaster Gate in a £2.4m contract for Ladbroke Hotels. To double the amount of accommodation with 65 bedroooms, a steel frame will be brought up through the building to make 10 floors where only four originally existed. The Viceroy is adjacent to Ladbroke's Plaza on Hyde Park hotel.

MANAGEMENT

Corporate restructuring

Too many cooks in the boiler

David Waller explains the turnround strategy at FKI Babcock

Tony Gartland, chief executive of FKI Babcock, is a turnround specialist. He buys loss-making companies, chops their costs, and makes them profitable. He is proud to say that of the 26 companies he has been responsible for buying since he led a management buy-out from Fisher Karpark in 1974, only two were profitable when acquired.

One of the profitable ones was last summer's £415m acquisition of Babcock International, the boiler maker and engineer. It has since enjoyed the full Gartland treatment: the workforce has been cut by more than 4,000 to 30,000, 25 manufacturing sites have been closed down, unprofitable lines have been lopped and annual costs shaved by £50m.

At the time, the deal seemed positively impudent; here was a small company, which had joined the Unlisted Securities Market only in 1982, taking on a giant – albeit a slumbering giant – of British industry. But in June this year, FKI was able to reap the first fruits of the rationalisation, reporting a threefold increase in pre-tax profits to £48.5m for the year to the end of March. In the current year, the company is expected to make £105m.

By virtue of its very size, the acquisition of Babcock, and its subsequent rationalisation, were in a different league from Gartland's earlier turnround activities. Most of the companies were bought for under £1m, and some for as little as £1. But the treatment that the industrial giant underwent was in essence no more than a variation on a well-worked theme.

Gartland, a chartered accountant, has a definite philosophy of rationalisation as it applies to low-to-medium-tech manufacturing companies.

The first step is to spot the turnround potential. The company must be undermanaged, and it must have good products. Gartland's belief is that the quality of the product is expressed in the relationship between gross profit and sales, in other words, the profit made after deducting costs such as raw materials and direct labour, but before overheads like the cost of selling the product and administering the company's head office.

"A good gross margin means that the product is by definition well designed," says Gartland. "The company puts the raw materials together in a more cost-effective way than its competitors. Or perhaps the product has a technical edge, a bell or whistle which gives it something better than the opposition." The theory is that the quality of the product and its desirability for customers is expressed in that ratio; quite what percentage constitutes a "good" gross margin will vary from industry to industry. A broad rule of thumb is that for normal electrical and light mechanical engineering companies, direct costs will work out at between 40 to 45 per cent of sales.

In Gartland's eyes, poor management will express itself in the relationship between net profits and sales. The ideal acquisition will thus be a company with an excellent gross margin, but a loss at the bottom line. By chopping overheads until they conform to a rough blueprint for the ratio of costs to turnover, the company will make the net profit appropriate to the level of gross profit. According to the Gartland formula, overheads should absorb between 25 and 30 per cent of sales.

An early example of the theory in practice is furnished by the acquisition of four transport equipment subsidiaries of the TI group in November 1985, for a total of £6.7m. The gross margins for the four companies stood at 35-40 per cent on turnover of £17m, while at the pre-tax level profits stood at only £1.3m in the year to December 1983, sinking to a loss of £538,000 in the 10 months to October 1985.

The strategy was to scrutinise the gross margin, assign a suitable overhead, cut the overhead to those levels, and then give control back to the local management. In moves typical of the approach later adopted with Babcock, the central sales force was removed and responsibility for sales passed to the individual companies. Out of a starting workforce of about 900, 220 people lost their jobs, including 63 out of 66 salesmen. In the 15 months to March 1988, the three companies made a profit of £235,000; in the following year, they made £2.5m on turnover of £21m.

With turnover of £1.2bn, over 30,000 employees and 128 factory sites spread across all five continents, Babcock was a rather different proposition. Sheer size was not the only problem; the rationalisation process was complicated by the fact that Babcock was not engaged simply in the straightforward manufacturing activities to which the FKI ratios could be applied. It had a large contracting arm, which handled long-term heavy engineering and construction projects. And it operated the 125 acre site at Renfrew in Scotland, where the vast boilers for conventional and nuclear power stations are made.

The day-to-day control of the rationalisation was left to Jeff Whalley, managing director of FKI and, like Gartland, an accountant and a Yorkshireman.

"If we had tried to rationalise the factories sequentially, it would have taken until the end of the century," Gartland says. "The most we had done at the same time was eight; now we were faced with 128. Jeff and I went through each site's accounts and devised a rationalisation plan for each one. Could it be maintained on its own or should it be amalgamated with another. Or should it be shut down altogether. Most of the economies revolved around two features: you need full factories, and you need the correct manning levels."

Crucial to the process was the personality of the managing director at site level. "The problem here was basically one of human nature. The MD agrees a plan, and then finds that it's not very pleasant to rationalise those of his colleagues doing administrative jobs. They rebel, but not openly. They get back to base camp, and convince themselves that Jeff didn't really mean what he said. So they cut direct labour, and not overhead people."

The MDs were policed by consultants from PE-Inbucon, sent to each site during the rationalisation process. There were many MDs who chose not to face the challenge; between 30 and 35 per cent of Babcock employees at this level left the company. One who did stay on recalls: "Whalley came in only the once. He asked what I'd done with the business and where I wanted to take it. It was obvious that you were going to get some accolade or get the chop. I think I got to stay on because we were trying to do the right things anyway but were being held back from doing them under the old regime."

The planning took two months to the beginning of November last year, and the exercise was largely completed by the end of March. Trades unions were dealt with at site level: "In some cases, they actually welcomed the redundancies. The sword of Damocles is worse than execution."

Dealing with the contracting side, which included Claudius Peters in West Germany and Woodall Duckham in the UK, required a totally different methodology. In this business, the company is selling engineering skills rather than products. The trick was to classify engineers' salaries and bought-in services as direct costs, and label everything else as an overhead. A net margin of 5 per cent was settled upon as acceptable – lower than in the manufacturing businesses, but justifiable because of the potentially immense return on a contracting company's capital. FATA, the Italian contracting company, was sold off for a net £65.5m.

The Babcock Power division, at the core of which was the boiler-making site at Renfrew, consisted of eight companies employing 2,800 people. A rationalisation process was under way before last summer, but was accelerated under FKI. The workforce was cut by 800, the PED pipework manufacturing business was relocated from the Midlands to Renfrew, while Babcock Robey, industrial boiler makers, were relocated from Lincoln to Oldbury in the Midlands, the site of the Stone Energy Systems plant.

Gartland had intended to sell off the Renfrew site, but changed his mind after three months. "We rationalised it. We realised that it was making a respectable net margin despite operating at nadir turnover. I could see a very healthy business. If other people could have shared that view, we would have sold it. It came off the sale list in February."

In total, £18m was lopped off the energy division's cost base. Turnover in the current year should amount to £200–£250m, on which the operating profit could exceed £15m. The FKI approach to rationalisation has attracted criticism in the City, where some brokers' analysts are convinced that Gartland is the arch-exponent of short-term cost-cutting at the expense of long-term industrial strategy.

Another point is that FKI could not have rationalised Babcock without the help of acquisition accounting rules, which allow a company to write off the costs against reserves rather than the profit and loss account.

Gartland likes to hark back to the days of his very first management buy-out: "We cut the overhead staff by two-thirds and fully expected to be worked off our feet for three months. But within three weeks we found that we were able to do all sorts of things we never had time to do before. The engineering department, cut from 10 to 2, which hadn't come up with one new product in the last four years, suddenly came up with ideas like nobody's business.

"People are totally wrong to think that FKI is just squeezing the pips to keep the business staggering on. Our philosophy is that with the correct manning levels, you sell more products."

The FKI approach to rationalisation boils down to a reworking of the old saw: too many cooks spoil the broth.

In March last year, the market capitalisations of FKI and the former Babcock International briefly coincided. "It didn't seem too cheeky to make an approach," Tony Gartland, (left), FKI's chief executive, recalls, even though Babcock's turnover was five times as great as that of FKI. "Babcock was in a blind corner with a bull market raging around it," Gartland says. "They knew they needed severe rationalisation. But they were highly geared and couldn't get a rights issue away to pay for it." Jeff Whalley, (right) FKI's managing director, had worked for Babcock and had his own ideas for getting the bigger company into shape.

He and Gartland went to see Lord King, (centre), Babcock's chairman, with plans which they said could double the company's profits. The plan was adopted as a way out of Babcock's impasse, and FKI launched a £415m agreed bid for the larger company.

Training

Companies prepare for a leading role

Charles Leadbeater on UK government plans for local employer involvement

When, last week, Norman Fowler, the Employment Secretary, announced that the Training Commission's governing body was being abolished, most attention focused on the demise of union power. But it marks a significant change for both the TUC and the Confederation of British Industry as they come to terms with the end of national tri-partism.

This autumn Fowler will publish a White Paper which is expected to suggest that local employer training councils should be established, with responsibility for developing training in their areas; and the CBI will complement its traditional presentation to member companies on pay trends with a set of regional presentations on training.

The plan is one indication of the expanded role the CBI is likely to play in training, from courses for the unemployed to management development.

The Confederation hopes the 15 regional presentations will lead to smaller local meetings, at which employers will draw up plans for joint action.

In this context the CBI plan for training presentations takes on much greater significance. For it seems to be preparing companies to take on the responsibilities Fowler has planned for them.

The move dovetails with the plan drawn up by Bill Hughes, a leading CBI member in Scotland, to bring together the Scottish Development Agency and the Training Commission, the Government's job training agency, to form a single agency for job creation, inward investment and training. It would partly operate through local industry councils.

Fowler's commitment to set up local industry training councils partly explains why the CBI did not complain when he removed the policy-making powers of the Training Commission's ten-strong governing body.

The CBI has three commissioners on the governing body. Its powers were removed because the TUC, which also has three commissioners, had voted to boycott the Employment Training programme, the Training Commission's largest programme.

At first sight it seemed the CBI was being unjustly stripped of its policy-making role, because of a decision made by the TUC. But there was no outcry from the CBI because it expects to play a potentially much more important role in setting up the industry councils.

However, the Confederation will face a number of obstacles as it seeks to play a more direct role in training.

Hughes' plan has come in for strong criticism from other senior CBI leaders in Scotland. Local Employer Networks, the forerunners to the local industry councils, which were launched with the CBI's backing in 1986, have not yet taken off.

None of the 105 Networks has yet become self-financing.

Senior figures within the Networks project believe it will require a merger between the Confederation and the Association of British Chambers of Commerce to develop effective local business organisations to match the West German chambers of commerce, which play a central role in training.

Finally, the CBI is closely associated with the Management Charter Initiative to encourage companies to adopt a code of good practice on management development.

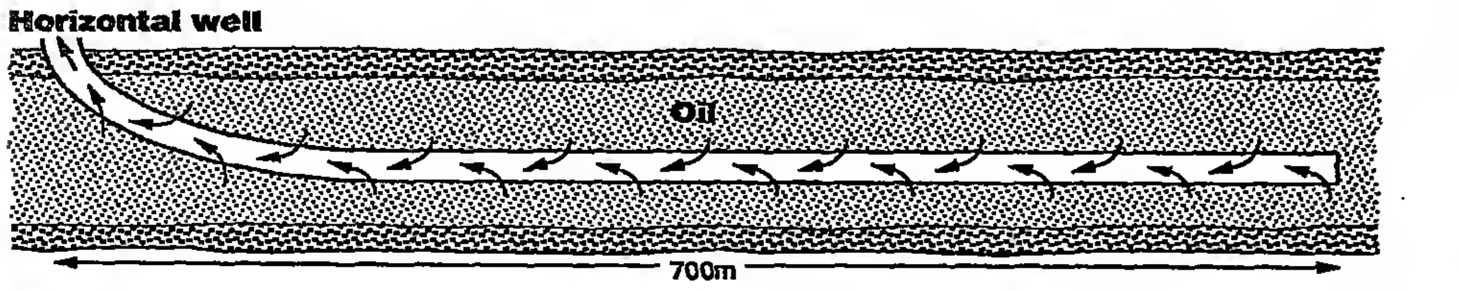
About half the 500 large companies approached have agreed to sign. However, there seems a danger that the charter group could become a club for companies which already follow good practice.

The TUC is increasingly attempting to focus its activities on services for its member unions, for instance by co-ordinating recruitment drives in selected towns. In tandem, the CBI wants to take both a more strategic role in developing management training, and a more direct role in organising the delivery of training locally.

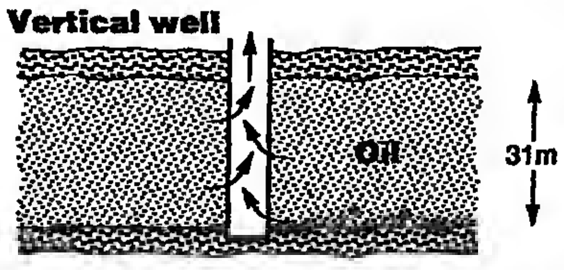
Both the TUC and the CBI are seeking to justify their roles by moving away from representing their members in national policy making towards more localised initiatives which directly benefit their members.

TECHNOLOGY

Horizontal well



Vertical well



Drilling cleans up its image

Della Bradshaw reports on techniques born of oil industry austerity

Offshore drilling for oil has always been seen not only as a high risk, high grime affair, but also as the low technology end of the business.

"Anyone could wield the hammer; and the bigger the hammer you had, the better job you could do," says Reg Minton, of British Petroleum's management technology group. Now oil companies are trying to change that image.

The impetus to introduce more sophisticated and economical drilling techniques was provided by the belt-tightening which followed the rapid drop in oil prices in 1986. They plunged from more than $30 a barrel to less than $10.

In offshore oil exploration, the cost of drilling accounts for between 40 and 60 per cent of the total budget. But that proportion is rising as oil companies try to develop smaller fields. The large ones, such as Brent and Forties, justified the construction of expensive production platforms. With smaller deposits, satellite fields are being tapped by putting wellhead equipment on the sea bed and piping the oil to existing platforms.

Any development which reduces the drilling time is an obvious way to cut expenditure. Every day spent drilling costs an oil company £50,000.

For BP those figures are particularly significant. Its acquisition of Britoil last year has nearly doubled the amount of exploration work it will do in the North Sea. In 1989, an average of 20 rigs will be in production at any one time. BP's budget for research and development in drilling has risen from £500,000 in 1981 to £5m this year and will be £6m in 1989.

All companies involved in North Sea oil exploration are introducing techniques which will enable them to drill more quickly and cheaply. Several are automating the process, so that the lengths of drill pipe, which make up the drill string, are handled mechanically rather than manually.

They are also installing "top drive" equipment, in which the drill string is rotated by a machine sitting about 35 m above the surface of the platform. This means that drill pipe can be added in 27 m sections, instead of the 9 m lengths of previous methods. Top drive equipment costs about £1m per platform to install, but Marathon Oil, for example, estimates that it has cut the drilling time at each of its two Brae fields in the North Sea by up to four days.

Down hole motor drilling, or turbo drilling, is one of the more established techniques and involves only the drill bit rotating, not the whole string. As drill strings can be up to 30,000 ft long, this adds up to substantial energy savings.

Also coming into favour is measurement while drilling equipment, which can monitor the direction, inclination and weight of the drill string without stopping the drilling. It improves accuracy and control and prevents expensive mistakes.

The traditional vertical oil well is also being complemented by lateral drilling, in which the drill string bores into the sea bed at an angle. The aim is to reach smaller fields, at some distance from the main drilling platform, which do not commercially merit an installation of their own. Conoco, part of the American Du Pont chemicals group, has announced its intention to drill a six-mile lateral well into the floor of the North Sea early next year, at an angle of 72 to 75 degrees and at a cost of $41m (£24.5m).

A similar development is horizontal drilling, although the aim of this technology is to increase the yield from smaller fields, rather than simply to reach them. BP is the first oil company to use horizontal drilling in the North Sea, although it has been done previously in the Mediterranean. The exploratory well BP drilled at its Cyrus field in August was 770 m long through oil-bearing sands of 31 m in depth. The length of the horizontal well meant BP had much better access to those oil sands, and the flow rate was considerably higher than it would have been with a vertical well.

BP is also looking at other techniques to help improve efficiency. Making sure exploratory drillings can be converted into commercial wells is one of its priorities. At the moment, when commercial drilling begins a new well is sunk into the sea bed and the exploratory well used to find the oil is abandoned. That is because the subsea wellhead equipment is built to different specifications by different manufacturers.

By developing a standard for the equipment, BP believes the commercial drilling of smaller oil fields will become economical if the exploratory well can be converted to full production. It has decided to specify a 18¾-inch wellhead system, to which both development and commercial equipment is made.

BP spends more than £2m a year on wellhead equipment. Although the introduction of the standard designs adds about five per cent to its cost, BP is confident that there will be savings overall.

The company already has 16 wells "spudded in" (in service) using equipment complying with the standard. Two Aberdeen-based equipment manufacturers, Drill-Quip and National Oil Well, are already manufacturing to the specification. Hans Hopper, BP's senior subsea engineer, also believes the standard will give smaller companies a way of entering the drilling equipment market.

One other development which will make marginal oil fields profitable for BP is its single well oil production system (Swops). Swops, which is being manufactured for BP by Harland and Wolff in Belfast for introduction next year, is a floating production vessel which can extract oil from a number of small wells on a rotational basis. A single well head, installed on each well, is used to milk the oil. By the time of the next Swops visit, the oil pressure has built up again naturally.

Also under development by BP is a diverless subsea production system (Dispe), which incorporates valves for activating the oil flow. Together Dispe and Swops look set to perform a profitable double act for BP into the 1990s.

The musical box that can create tunes

By Eric Silver

YA'ACOV KIRSCHEN, a cartoonist with the Jerusalem Post, used to play the banjo – badly. An American-born Israeli, he had no musical education and, in his friends' opinion, little apparent talent.

What he did have was a passion for computers and an inventive streak. A few months ago he sent a piece of original music to the Israel Composers' Union, which immediately elected him to membership.

The piece was the first fruit of five years of research and development in an improvised laboratory at the back of his home. He wrote it with the help of an electronic box hooked up to a home computer, which can produce instantly any permutation of musical style, from the blues to Handel.

Kirschen, who calls his branch of technology artificial creativity, says: "The Beatles could not have written their music without all kinds of sources – baroque, Indian, skiffle, music hall." He claims his machine does what the Beatles did. "It can make coherent blends from divergent sources."

Kirschen used it recently to compose and record incidental music for a 50-minute BBC television documentary on the Demjanjuk war crimes trial. The commission was completed in 7½ hours, without musicians. It would have taken almost as many days by conventional means.

He explains how he did it: "A child is a blend of two parents. It takes characteristics from both of them. That is what we do with music.

"Our machine is first an analyser. We feed it humanly composed music. The machine extracts all kinds of relationships in that music – not the notes – and it stores these relationships in a memory.

"In order to produce an original piece, one goes to these memory banks, selects a set of 'parents' and the machine makes a new coherent pattern out of patterns that had formerly existed in diverse pieces."

The director of the Demjanjuk film asked first for something with an air of mystery and tension. Kirschen pulled out three tense pieces from the memory bank and blended them to create a new piece of tense music. He was then able to supply the director with variations appropriate for scenes in Russia, the US and Israel by calling on ethnic mood parents."

Next he recorded it on suitably melancholic and dramatic instruments – the cello and oboe – then sat at the computer terminal and recomposed each piece to the exact frame length requested by the director. The result was a score that could be recorded straight on to the videotape.

The $25,000 device is being manufactured and marketed in partnership with Alex Weiss, a Long Beach (California) businessman, under the banner of a new company, Just For You. It is known affectionately as the Jiffy Box and more formally as the Post-Production Music Generator. Among the customers so far are film production studios in the US and Israel.

The Japanese companies, Yamaha and Roland, are exploring the Jiffy's potential for the home music market.

Pioneering a test for workers' backs

A NEW laboratory at Liverpool University, in the UK, is developing a screening technique that should be able to detect which people are most likely to succumb to back trouble – one of the commonest causes of absence from work.

The work is being done at the university's £2.5m magnetic resonance laboratory, which was officially opened this week. The laboratory is equipped with a combined magnetic resonance imaging and spectroscopy system, developed by General Electric of the US. It is the first system of its kind in Britain.

The equipment enables an internal picture to be produced and, through spectroscopic analysis, the chemical composition of the tissue is analysed at the same time.

Magnetic resonance works by passing a prone patient through a powerful, doughnut-shaped magnet. The field – which is 30,000 times stronger than the earth's – is disturbed by a pulse of radio waves, also emitted by the machine. This makes the nuclei of the molecules in the body resonate, producing changes in energy levels. These are analysed by computer and a picture of the inside of the body is built up on a high definition screen.

The technique is harmless and enables comprehensive testing to be done in about 40 minutes. This compares with traditional methods which require days in hospital and complicated injections or minor surgery.

Workers from the Ford motor company's Halewood plant are acting as guinea pigs for the three-year study, into which the Health and Safety Executive is putting £100,000. Professor Graham Whitehouse has already produced detailed pictures of the spines of the first group.

These show that people with back problems usually have at least one disc of tissue between the vertebrae with less water in it than the others. This disc is the one most likely to slip or collapse, pinching nerves and causing lumbago or sciatica.

The screening method involves analysing the water content of the discs to identify any dehydrated ones. Then the discs are tested under pressure as the person pushes down on a footbar while the shoulders are anchored.

The Ford workers being studied are those who have to do assembly work in awkward positions, such as lying in a contorted way to fix dashboard components.

Comparisons are being made with Ford workers in other jobs and with people from elsewhere who do not have back problems, or who do not do jobs exposing them to back stress. Hundreds will be studied.

Whitehouse believes it will be possible to develop a screening test which would decide whether some people have discs that might eventually give way under the strain of certain types of job. These people would then not be employed in heavy labouring jobs or in ones involving awkward positions.

The spectroscopic element of the equipment will also help in the study of cancer and diseases of the muscle, nerves or brain. It will also enable scientists to follow the way in which drugs enter soft tissues and the chemical response of those tissues.

For example, one piece of research has shown that anaesthetics may remain in the brain for days longer than was previously thought – which has implications for the time lapse before people should drive or operate machinery after surgery.

Finance for the new laboratory, which has been set up as a private company, has come from the Cancer and Polio Research Fund and the North West Cancer Research Fund, each of which has given £500,000. Another £750,000 has come from the university. The machine cost about £1.5m.

Half of the working week will be given to clinical work for the National Health Service at a cost of £2,000 a day, during which up to 12 patients can be dealt with. This is likely to save the NHS considerable sums because the tests can be done on an out-patient basis.

UK hospital administrators are deterred from buying scanners, even the less sophisticated ones, because the NHS's accounting system does not allow them to offset the purchase cost against the savings made by their use. This is one of the reasons why Britain only has one scanner per 2m of the population, while the US has one per 200,000 and in West Germany the figure is one per 400,000.

Ian Hamilton Fazey

The search for a continuous way to cast sheet steel

By Robert Gibbens

THE CANADIAN steel industry has formed a research consortium to develop a process for the continuous casting of sheet products.

The objective of the C$10m (£5m) research programme is to bypass the reheating and some of the rolling stages, which would mean considerable savings.

Under present methods, molten steel is continuously cast and then cut into slabs and cooled. Later the slabs are reheated for rolling into sheet. The consortium wants to perfect a process that goes directly from molten metal to the rolling stage. It will also try to develop direct casting of rod, bar and other shapes.

The companies involved in Project Bessemer are Dofasco, Hamilton, which includes Algoma steel, Ivaco, Montreal, Ipsco, Regina, Sidbec, Montreal, and Stelco, Toronto. Government and university laboratories will assist.

ARTS

Sheila Gish and Owen Teale

When She Danced

KING'S HEAD THEATRE CLUB, ISLINGTON

The "soul union" between Isadora Duncan and the Russian peasant poet Sergei Esenin was curious and no doubt hilarious not just because of the age difference (18 years, not in her favour) but also because of the language problem.

Isadora spoke no Russian, Sergei nothing but. They had met and married on Isadora's Moscow trip of 1922 and, in Martin Sherman's sharply entertaining new play at the King's Head, they are discovered in alcoholic revellie in Paris. The scandalous and disastrous US tour is behind them. Ahead lies disintegration, despair and death. Sherman pins them to a social scenario of energetic babel.

"Language has nothing to do with poetry" intones the diva of free expression only to be devastated by the English translation of Esenin's "Song of a Dog" which tells of a bitch's drowned puppies. The golden-locked alcoholic Esenin (a brilliantly pent-up anguished performance by Owen Teale) recites the poem in Russian. It sounds marvellous. It does, too, to Isadora, until she knows what it means. Her children by Gordon Craig had been drowned with a nurse in a car accident.

This destructive relationship has been best charted by Gordon McVay in his fine 1980 book *Isadora and Esenin*. The poet remains a shadowy figure even here, a displaced rabble rouser in the grip of sexual enchantment. Sherman has polished up Isadora's friend Mary Desti (Margaret Robertson, smokey-voiced as ever) to engineer the introduction of Angela Pleasence as an interpreter.

This Miss Belzer is hired to elucidate what "the slob" poet is saying. She does so through a taut and trembling mask of wonder and devotion. Belzer had seen Isadora on her first tour in Petersburg and has never cried since. Similar testimony is forthcoming from a Greek concert pianist whose mother had seen Isadora dance at the Akropolis.

Isadora's emotive flailing to Chaikovsky's Pathétique and Beethoven's Ninth is not explained: instead, we have a look at the symptoms and the fall-out of showbiz legend exposed to the requirements of salon conversation. It is an imaginative conceit.

Bravely, *Sheila Gish's* splendid ginger-haired near-harridan allows a flickering candle of expression to play across her face as the pianist plays a Chopin Etude. She is by turns attractive and sluttish, justifying Nabokov's shocked description of "a Roman matron after revels."

She is beset by new attentions but caught in a sexual spider's web. The various love lines are bent to comic service in a scene where an Italian filing clerk, mistaken for a consular official (and deliciously played by Kevin Elyot), is subjected to a fund-raising campaign led by a tortuously uninspired Infant Prodigy in antique gear.

In some respects the piece is like those old Broadway backstage plays contrived around artistic temperament. It is well done, and brightly directed by Tim Luscombe. The costumes by Tim Heywood are superb, and if Esenin remains a tantalisingly incomplete tragic figure (no hint of the great melancholic drinking poems, or the abrogation of national identity), his sad suicide is forcibly and comically anticipated. Gerard Logan is the pederast idolater, a Greek pianist who mimes well to a list of Chopin.

Michael Coveney

Messiaen's Bird Catalogue

WIGMORE HALL

Olivier Messiaen will be 80 on December 10, and the celebratory events are beginning to crop up with some regularity in the London concert schedules. In three Wigmore Hall recitals this week the Swedish pianist Carl-Axel Dominique is using the birthday excuse to supply generous helpings of the *Catalogue d'oiseaux* (1956-8) and, on Friday, the complete *Vingt Regards*.

Monday's concert, first of the three, was not rewarded with anything like the audience numbers Mr Dominique's playing and programme merited — but perhaps there is still time for word to get round, as it deserves to. This pianist has wholly absorbed himself in Messiaen's musical and spiritual world; his technical address is thorough, at moments glitteringly virtuoso (even if on occasion he seemed to lack the final full weight of touch for the organal bass lines above which there float streams of birdsong); his command of each of the six "birds" played in Monday's recital, their shape, content, and character, was complete. The performance of the long "Rousserolle effarvatte" (Reed Warbler) which occupied the second half was, in this respect, a tour de force: one can recall more than one Messiaen pianist of higher standing in London who has achieved a good deal less.

The concert was a happy reminder of the richness, originality, and self-sufficiency of the musical language this composer forged for himself out of so many disparate — and, on the face of it, sublimely unlikely — elements. In a piece like "Le Loriot" (Golden Oriole), which opened the concert, or "L'Alouette lulu" (Woodlark), with its near-Rakhmaninovian bass sinking beneath the bird-descant, the inspiration seems white-hot. There may be many complex ingredients in Messiaen's piano writing, but what sets him apart from almost every other 20th-century composer of similar stature is its effect of simplicity and immediacy — captivating, elating, at times totally enthralling.

Max Loppert

Beethoven Plus

FESTIVAL HALL

After a false start at the weekend the "Beethoven Plus" series is up and away. In three concerts this week it will be providing performances of the all the piano concertos by Murray Perahia and the Academy of St Martin-in-the-Fields under Neville Marriner. The first concert on Monday was recorded for television and if it was an accurate foretaste of what is to come, the whole cycle should prove one of high quality all round.

Since I last heard him in one of these concertos, Perahia's feeling for Beethoven has become more expressive. The marmoreal approach, sculpting the music as though according to some lofty, classical design, which was evident when he was playing with Solti as conductor, has given way to music-making on a more human level. The slow movements, in particular, sing more affectionately and cover a wider tonal range than he chose to draw upon before.

For this the partnership of Marriner and the Academy may be partly responsible. This team, technically as admirable as ever, has always brought an easy fluency to Beethoven. They make the music sound so free from problems, the tone always cultured, the rhythms finely sprung, that it may seem ungrateful to complain; but at root these are combative concertos and they thrive on an orchestral stance that senses that struggle more deeply.

Nevertheless, there was much to enjoy. In the First Concerto Perahia made a special feature of the cadenza in the opening movement (he plays the longest of the three the composer left extant) and used it to raise the level of the musical argument. The slow movement of the Third, for all its sensitivity, was couched in what now sounds more of an early romantic mood; but the finales of each released a fine, joyful rush of energy, both from soloist and orchestra.

The concert had begun with the Overture to Cherubini's *Anacreon*, which was the "plus" in this particular programme. The Second and Fourth Concertos follow ou Thursday, and the Emperor (together with Spohr's little-heard Symphony No 5) on Saturday.

Richard Fairman

TELEVISION

Global mix of soap and drama

Christopher Dunkley reports from the 40th Prix Italia festival

The end of the first week of the 1988 Prix Italia festival, spent in my case almost entirely in the drama viewing rooms, six conclusions come to mind:

1. All over the world naturalism is even more dominant in television drama today than it was in the seventies. Everyone likes shooting on location, usually on film. Myth, magic and studios are out.

2. Television drama continues to serve two purposes in about equal measure: reflecting today's social problems, and telling the audience about its own history.

3. Surrogate motherhood is a highly fashionable drama subject.

4. British television is still outstandingly good at drama: all three British entries (the BBC's *Tumbledown*, ITV's drama-documentary *Breakthrough at Reykjavik*, and Channel 4's *The Good Father*) have reached tha seven strong shortlist for prizes.

5. As wa move closer to the "new broadcasting ecology," people who used to make high quality television drama are tending to make high quality soap opera.

6. This very movement away from the domination of the old public service broadcasters and towards a greater quantity of television means that events such as the Prix Italia are more vital than ever if we are to have a chance of sorting out the quality from the quantity.

To take the last point first, there are actually very few events "such as" the Prix Italia, even though there is an ever growing list of festivals. Most have special purposes: Edinburgh is for talking, MIP in Cannes for selling, the Prix Jeuness in Berlin for children's programmes, and so on. The Prix Italia began 40 years ago in Capri, "one of the few places miraculously spared hy the war" as the organisation's new secretary general, Piergiorgio Branzi, writes in his introduction to this year's booklet.

Back at the same location for the 40th anniversary, there are 387 delegates from 28 countries, plus 250 or so press men and nbservers. It is an impressive circus of privileged people, a number of whom seem to spend mnch of their lives at such events. Yet however sceptical one may become about the priorities of some (Capri's best restaurants have been fuller than the observers' rooms during the past week) the integrity of the festival's purpose remains.

That purpose was established hy the dozen radio broadcasters who attended the original session in 1948 and is, as Sig. Branzi puts it, "rewarding and encouraging writers, musicians, producers and intellectuals" (imagine announcing your intention to reward and encourage intellectuals in Britain, you would be sniggered to scorn) "and of conceiving and creating radio and television works of poetic and aesthetic validity which manage to raise their message to the dignity of communication." Perhaps a little is lost in the translation, hut it is pretty clear what is intended.

The important point is that the need for an event of this sort becomes more profound as we move farther and faster into the age of satellites and multi-channel systems. The more channels there are, the more difficulty the viewer has in identifying what he really wants to see: even the increase from three channels to four in Britain created remarkable confusion in many minds. Wheu we are talking in terms of scores of channels and an increasing amount of international activity, an international festival dedicated to the search for quality seems vital.

Some of the dramas shown this week will almost certainly reach the genaral public in Britain willy nilly. For instance, *Baby M* is an American mini-series about a surrogate mother who cannot bear to give up her bahy. *Made* hy *ABC*, in English, with America's usual high production values, and with bags of narrative, suspense, and entertainment, it will presumably have no difficulty getting s showing on any UK channel.

On the other hand, the 50-minute Dutch production *Sandra* which is ahout a mother who gives up her baby at hirth, and then becomes desperate to meet the child twelve years later, is mnch less likely to get a British screening because it is made in Dutch (though there is a version with English sub-titles which we saw). This is a pity because, while it is less exciting than the American production, it is also more subtle.

Events such as this are more vital than ever if we are to have a chance of sorting out the quality from the quantity

Experience suggests that the excellent Israeli entry, *Mishakim Bahoref* ("Winter Games") will have trouble getting a British buyer for similar reasons, though this time the language is Hebrew. Once again that is a shame because it is a salutary experience for a British viewer to see British soldiers portrayed as they are here, during the British Mandate in Palestine, as thoroughgoing villains: urinating in front of a teenage girl, deliberately smashing a peasant farmer's eggs, and generally behaving as troops no doubt do everywhere. One of the benefits of the internationalisation of television ought, surely, to be the opportunity to see ourselves as others see us.

Looking back more than 40 years, *Mishakim Bahoref* is one of those dramas which carry on electronically where the camp-firestory-teller left off: passing on to a new generation the legends and history of their culture. The French eotered a variation on this theme called *Sacrifice* which featured a boatload of shipwrecked Carthaginians wandering about a Mediterranean beach in designer-styled minis, discussing whether or not to sacrifice a very fetching virgin to the god Baal. There seems to be nothing French viewers like better than a couple of lovey dovey 15-year-olds gazing into each other's eyes. The virgin here was, of course, in love with the handsome young scribe. This was by far the silliest of the 23 drama entries.

The least naturalistic was Denmark's *Medea*, a re-telling of the Euripides story as a Norse legend which, with its scenes set in north sea fenlands and hrick-lined tunnels, looked like a cross between a Kurosawa movie and *The Third Man*.

But among European broadcasters it is, perhaps, the Germans who have worked hardest in recent years to use television to help viewers understand the history of their own society. Twenty years ago, while the British and Americans were re-winning World War II on screen, German television was pretty quiet on the suhject. But recently from Germany (and Austria and Italy to some extent) has come a stream of programmes investigating the fine detail of the development of Nazism.

WDR's *Sansibar Oder Der Letzte Grund* ("Zanzibar Or The Last Land") is a long drama – 163 minutes – about a Jewish woman, a protestant clergyman, and a communist, all of whom need to avoid the attention of the Nazis. It is beautifully lit, shot, cut, and acted, if somewhat over long. *Die Bertinis* from ZDF, a five-part series of which we saw episode 4, is another highly sensitive, yet audience-maximising, production which looks at how Nazism affected a half-Jewish family.

It may be a little insulting to call this "soap," or even "highclass soap," hut some such description is needed for a growing body of work. Italy's *Una Vittoria* is what advertising men call "a woman's programme;" beautiful middle-aged Julia discovers her hreast tumour, her husband in bed with her best friend, and her hrain tumour in quick succession. Then she rediscovers the boyfriend from her youth and finally decides that life is worth living. It is deeply sentimental, yet very well made and consistently watchable. So too is Sweden's *Xerxes*, a sort of teenage Scandinavian "Brookside" with lots of humour. As television diversifies programmes such as these will turn out, with luck, to be the electronic version of Pans and Corgis.

If we really are to have scores of channels, it surely should not be asking too much for one of them – BBC2? Channel 4? – to become a proper international showcase: not just a relay station for American series, hut a means of providing British viewers with the sort of glohal collection we have sampled in Capri this week.

And my prediction for the drama prize on Friday? Chauvinism aside, in a just world the BBC's superh *Tumbledown* should walk away with it, though Belgium's vivid account of life on the fringe of society, *Zonderlinge zielen* ("Home is where the heart is") must also stand a chance.

An Ideal Husband

RICHMOND THEATRE

This Farnham-originated production of Wilde's comedy of principles and blackmail, intolerance and forgiveness, has paused in mid-tour on Richmond Green. With recent prodnctions in Glasgow, Chichester and Camhridge, the tale of the irreproachahle young politico's peccadillo catching up with him is gaining on *The Importance* in popularity; perhaps Wilde's tart nbservations on a money-worshipping society where all is possible – and pardoned – if yon have wealth strikes a harsh,clangorous chord today.

No production, however, has played the almost priggishly moralising central couple who meet political come-nppance and marital crisis for laughs. Sir Robert Chiltern's earnest talk of principle does not usually arouse titters; his tender murmur to his hlameless spouse of "You are the image of all good things and sin can never touch you" does not provoke giggles; and his desolate cry of "Stand back! My life is at stake!" should not be greeted with hearty guffaws.

Patrick Sandford's lacklustre production fails to redeem the basic miscasting of Jeremy Sinden as Sir Robert. Mr Sinden has the makings of a comic villain; the jaws that drop in comic dismay, the slyness, the look of aghast guilt. At most he is a raffish clubman to whom yon would not lend a sovereign; a whited sepulchre with five o'clock shadow. A diplomatic white hope with the morals of the Archbishop of Canterbury he is not.

Lacking a true centre, the play becomes a farce of misunderstanding, hidden eavesdroppers and cross-purposes. The moral dilemma is lightweight to the point of irrelevance with Belinda Carroll's Lady Chiltern (the most self-righteous figure in Wilde after Margaret Windermere) emerging as a pleasant housewife who would be a leading light in the neighbourhood watch committee. Stephanie Turner'e Mrs Cheveley, always a slightly misjndged creature I feel, is too sympathetic for a hlackmailer (and resident of Vienna, to boot), intelligent and likable. Or is this in keeping with today's market forces that apply tn hlackmail and state secrets?

The lightweight reading of the play is underlined by Jeremy Nicholas as that cynical romantic, the dandy with a heart, Lord Goring. He is played literally with tongue in cheek and patent enjoyment of his own and others' wit, an amiable chat-show host. With no deadpan humour to play against, Jack Watling is forced to exaggerate old Lord Caversham's outhursts of paternal fury into something approaching farce. Auriol Smith's Lady Markhy stands out among the socialites; and Liz Bagley's Mabel is a real find: pert and crisp with style and carefully avoiding cuteness. As so often, the lower orders almost steal the show, as epitomised hy Roy Boutcher's impeccahle Jeeves prototype, perfectly judged and fully charcaterised without intruding. Juliet Shillingford's set is easily toured; Lord Goring'e hlack, red and goid hachelor appartments are hideous. The sooner the new Lady Goring gets to work with an interior decorator the better.

Martin Hoyle

ARTS GUIDE

September 16-22

THEATRE

London

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair (836 5989).

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber (839 2244, credit cards 379 6131/240 7200).

Follies (Shaftesbury). Eartha Kitt and Millicent Martin now decorate Mike Ockrent's strong revival of Sondheim's 1971 musical, in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre (379 5399).

Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support (836 6404, credit cards 379 6233).

Amsterdam

Importance of Being Earnest (Stadsschouwburg). The Berlin Play Actors with Oscar Wilde's play, directed by Rik Maverik (Fri to Sun) (24 23 22).

New York

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery. (586 6510).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Speed-the-Plow (Royale). David Mamet applies his biting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted exposé of the film industry (239 6200).

Stranger Here Myself (Public). Angelina Roux performs two decades of Kurt Weill's songs in a one-woman show covering the composer's careers in Berlin, Paris and New York (598-7100).

Washington

Les Misérables (Kennedy Center Opera House). The touring company of the international hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an insistent contemporary beat. Ends Oct 15 (254 3770).

Sleuth (Eisenhower). Stacy Keach and Maxwell Caulfield star in the mystery pitting a writer against a mild-mannered travel agent who's stolen his wife's affections (254 3679).

Tokyo

Kabuki (Kabuki-za). The morning programme, at 11am, includes Kago Tsurube, with Living National Treasure, Utaemon, in one of his most famous roles as a sophisticated courtesan who gulls a country bumpkin. In the afternoon, at 4.30pm, the progamme includes Ii Tairo, a "new kabuki play" set in the 19th century et the time of Japan's opening to the West, as well as one of the most famous works in the kabuki repertoire, Kanjincho (The Subscription List), in which a wily servant outwits his master's pursuers. Ends September 25 (541 3131).

Noh (National Noh Theatre) A double bill consisting of the sacred ritual Okina (old man), on which all noh is said to be based, and a true noh play, Tenko. Japan's most esoteric art form is not to everyone's taste, but should be experienced at least once by everyone who wants to discover why Japan will never become a 'Western' nation. (Most other Noh theatres are open only at weekends; check local press for details). (423 1331).

Bunraku (National Theatre). The hunraku puppet theatre is one of Japan's most refined art forms. Each doll has three operators who remain in sight of the audience throughout the performance, while a narrator at the side of the stage unfolds the story to musical accompaniment. This month's performance features Hiragana Seisuki, a play written in the Jidaimono (classical) style in 1739.'

SALEROOM

Big price for baby house

A "baby house," a late 17th century forerunner of the doll's house, was sold at Sothehy's yesterday for £25,300. Such houses are very rare and one of this date, around 1675, has not appeared at auction this century. It is 50 inches high, 55 wide and 22 deep, and is on two floors. It looks like an item of furniture with few of the architectural features which became a feature of 18th century dolls' houses.

It was bought by Madame Vierny, a French collector, for almost twice the estimate. She also invested £22,000 in a Gustave Vichy musical automaton of a pumpkin eater, a happy man with a mammoth pumpkin by his side, which was produced in France around 1870. Among the dolls a Bru bisque made in France around 1875 sold for £12,100 while an American collector paid £8,800 for a rare bisque German character doll of around 1910.

A nightshirt reputed to have been worn by King Charles 1 was unsold at £1,500. Earlier this year Sotheby's sold a similar nightshirt from the same source for £3,800 to Spink. There is obviously a limit to the demand, and to the credulity, of buyers of King Charles's nightshirts. On the other hand a hankie attributed to the martyr king made £240 as against £200 for a similar accessory in February.

Another very rare item, a George II swivel head wooden doll, almost 16 inches high, missing the odd joint, sold just within forecast at £7,150. Among the mechanical musical instruments, which were 23 per cent unsold, the top price was the £24,200 paid for a Wurlitzer, style A, automatic harp, made in the US just after 1900. Only one other example is known. A Bru Jeune Bisque Doll, French around 1875, comfortably beat its top estimate at £8,250, probahly because the lot also contained her contemporary trunk with a spare change of clothing.

There is a rash of house sales at the moment – before the winter sets in – and Bonhams held its most important for a decade on Monday at The Grove in Camhridge. This 1812 house, now owned by Fitzwilliam and New Hall, was bought by the widow of Charles Darwin in 1882, and then went to Charles Armstrong, a Cambridge brewer, whose widow's death precipitated the sale. It topped £270,000, comfortably above target, with a French boulle and Sevres mounted overmantel of about 1660, with fifteen oval Sevres plaques depicting aristocratic ladies, douhling its estimate at £17,600.

Antony Thorncroft

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Mrs Thatcher on Europe

UK POLICY towards the European Community has long earned the reputation of being too little, too late. Mrs Thatcher, it is often said, is a fitting leader of so dilatory a nation. Certainly, she lacks enthusiasm for ideas of a supranational union. As she asserted in her speech yesterday: "Willing and active co-operation between independent sovereign states is the best way to build a successful European Community . . . It would be folly to try to fit (the individual members of the EC) into some sort of identikit European personality."

Given the history and traditions of the nation whose attitudes she embodies, this can hardly be surprising. More important, it need not be harmful. The ultimate destiny of the EC is unknowable. It may even evolve into the United States of Europe that Mrs Thatcher so abhors. Such a union will, however, only follow long years of successful co-operation among the existing states.

What is necessary now is to take those practical steps "by which Europe can ensure its future prosperity and the security of its people." Here she mentions three guidelines for reform of EC economic policy: that Community policies must tackle present problems in a practical way; that enterprise must be encouraged; and that the EC should remain open to the world. On all three points she is right.

Disruptive

It is immensely important not only for the EC but for its relations with the rest of the world to secure further reform of the common agricultural policy. The agreement of last February was essential, but only the first step. The EC has been too long identified with a mismanaged, internationally disruptive and economically wasteful agricultural policy.

She is equally right to emphasise the need to keep regulation in the internal market to a minimum. Perhaps most important, she is right to emphasise the need for the EC to remain open to the world. The internal market of the EC is big, but that of the world far bigger still. It would, indeed, be "a betrayal if, while breaking down constraints on trade to create the Single Market, the Community were to erect greater external protection." The EC will thrive by meeting the challenge of the more dynamic economies of the world in the open field, not behind protectionist ramparts.

Despite all these sensible thoughts, Mrs Thatcher protests too much. There are real problems that she ignores.

For example, the arguments again advanced for keeping frontier controls "to protect our citizens" are unconvincing. If controls at borders are necessary, why are there none between Northern Ireland and the rest of the UK?

Harmonisation

Equally, she seriously misrepresents the European Commission's approach to harmonisation, which has been based on the mutual recognition of standards, a liberal idea, rather than of harmonisation for its own sake. The Commission's point is that in many areas (tax, for example) there will have to be agreement on certain minimum standards as a necessary political condition for liberalisation. There can be legitimate argument about where the minima are to be set. There can be legitimate objection to the Commission's quite unnecessary desire to set maxima as well. What cannot be denied is the need for some common standards.

Mrs Thatcher's position is perhaps weakest of all in the area of monetary co-operation. The abolition of exchange controls is the vital step to a free internal market in finance, but the full benefit of the internal market programme is unlikely to be achieved without currency stability. With capital market liberalisation in the offing, the European Monetary System must be strengthened, a development from which the UK is virtually debarred by remaining outside the exchange rate mechanism "until the time is right." At least, the intransigence of the UK is mainly a self-inflicted wound.

There is much in what Mrs Thatcher has to say about the development of the EC which even those who disagree on the ultimate ends should accept. She articulates an attractive vision of a liberal, outward-looking EC. The pity is that the over-simplification, indeed harshness, with which alternative perspectives are dismissed is more likely to deny her words a fair audience, where most needed, than to render their essential message more palatable.

Mr Gandhi in the Punjab

MR RAJIV GANDHI, the Indian Prime Minister, today makes his first visit since 1985 to the Punjab, his most violently troubled state. His visit will include some of the strongholds of extremist Sikhs fighting for an independent Khalistan and is the latest attempt to find a peaceful resolution to the long-running dispute which has cost more than 1,900 lives this year alone.

The fact that Mr Gandhi is taking the risk of a personal visit underlines his determination to continue with a broadly conciliatory approach. He has promised a budget package for the Punjab: the difficulty has been to construct one and he may have little more to announce today than a plan by Pepsi-Cola to site a major soft drinks plant in the Punjab, to the great advantage of the state's fruit farmers.

But the Punjab's problems are not primarily economic. It is the country's richest agricultural state, providing food for much of the rest of the country. The Sikhs are neither deprived nor persecuted as a minority – although individual members of the predominantly Hindu army and police force have sometimes forgotten the necessary racial objectivity. Sikhs have prospered in all fields and professions to achieve a prominence in India beyond their 2 per cent of the population.

Fanatics

However, insensitive blunders by successive Indian rulers have corrupted a legitimate Sikh call for a stronger identity within a united India into a campaign for independence led by fanatics who have slaughtered and terrorised Hindus in the hope of driving them out of the Punjab.

The deepest wound was inflicted by Mr Gandhi's mother, Mrs Indira Gandhi. Her frustration at failing to resolve the mounting violence led, in 1983, to the imposition of direct rule from Delhi and, in 1984, to the army's invasion of the Sikhs' holiest site and the stronghold of the extremists, Amritsar's Golden Temple, with the loss of around 1,000 lives. It is an attack which remains unforgiven and unforgotten by even the most moderate of Sikhs. Mrs Gandhi paid for it with her life.

Mr Gandhi seemed to be doing better. In July 1985 a breakthrough occurred with the signing of the Punjab Accord which aligned the central government and moderate Sikhs behind a policy of substantial devolution; this fell far short of an independent Khalistan but was enough to isolate the tiny minority of extremists. The Sikh Akali Dal Party was elected to form the Punjab state government and for a time there was hope of peace.

Setbacks

Bad luck, mismanagement, corruption, broken promises by Mr Gandhi, combined with the internal feuding of the Akali Dal had the effect of pushing moderates back towards the extremists whose yellow triangular flag began to flutter widely again. Last year a depressing train of events restarted: Mr Gandhi suspended the state government and reimposed direct rule; terrorism escalated; the army became increasingly heavy-handed.

In spite of these setbacks Mr Gandhi has so far avoided his mother's fatal mistakes. An army operation earlier this year against extremists in the Golden Temple was more restrained. He has combined the stick with the carrot, arresting terrorists but also releasing from jail 45 militant priests, hoping that they would unite their followers in advocating a settlement within the Indian constitution. So far the strategy has not been very successful, but Mr Gandhi cannot be blamed for trying.

The style of today's visit may be more important than the substance, or lack of substance, of the economic proposals. Some simple emotional gesture of goodwill towards the Sikh people might do much to reduce support for the yellow flag.

Roger Matthews looks at the deepening political crisis in Malaysia

A struggle with no winners

The political crisis into which Malaysia has been sinking ever more deeply for the past 18 months has now been reduced to the most easily understood of all political concepts: a struggle for power.

There are, of course, other important strands. Personalities, policies and performance are all issues. But they are secondary to the nub of the argument which is the growing power wielded by the executive, the manner in which challenges to authority may be made and, ultimately, whether the democratic process can survive.

Malaysia was until recently a model for other developing countries. Multiracial, multilingual and multi-religious, it momentarily lapsed into internal conflict in 1969 but still emerged as the most vigorous practitioner of democracy in south-east Asia.

One of its great strengths and weaknesses has been that it is a strongly traditional nation. For three of the four decades since the Second World War political life was dominated by the aristocracy. They were for the most part amateur politicians, not necessarily gifted intellectually but born to authority and at ease with power.

The Tunkus, or Princes, many of them British-educated, felt at ease in dealing with the British establishment and this helped them fight for and win independence in the 1950s without ever seeing the inside of a British jail. The authority of aristocracy is still a powerful political force, especially among the rural Malays. Unlike the country's Chinese community, there is no concept of rebellion in Malay society and the nine Sultans of West Malaysia, who take it in turn to be King, still exert considerable influence in their home states, award their own titles and remain, sometimes controversially, above the rule of law.

Just as the princely Prime Ministers and the Sultans together embodied hereditary and political power, so they also reassured the Malay population of their status in a country where they have long felt vulnerable to other races, primarily the commercially powerful Chinese and the Indians, who make up more than 40 per cent of the total. That reassurance was most emphatically expressed politically through the United Malays National Organisation (UMNO), a party born in the southern city of Johor Baru in 1946 and the bedrock of Malaysia's stability.

The present political crisis stems from the partial shattering of that traditional mould. Some of the Tunkus are now to their chagrin in the opposition, the Sultans are divided among themselves and the greatly revered UMNO is at best in limbo, at worst in tatters.

The economy, which was sustained for so long and so comfortably on the export revenues of plentiful commodities, suffered its most severe recession since independence in 1985. Planners are now more than ever anxious about its future direction as they cast envious eyes at the industrial miracles being wrought in other parts of Asia.

Dr Mahathir Mohamad : abrasive advocate of Malay advancement

The man at the centre of this storm is Dr Mahathir Mohamad, son of a teacher, a medical doctor, abrasive, ambitious, a passionate advocate of Malay advancement and, since 1981, Prime Minister. Tunku Abdul Rahman, the octogenarian father of the nation who led Malaysia to independence, has since the end of last year been publicly decrying Dr Mahathir as a dictator who is destroying both UMNO and the democratic system.

Malaysia was until recently a model for other developing countries

The evidence he cites looks impressive. Significant changes have been made under Dr Mahathir's stewardship to most of the principal pillars of democracy and none of them has enhanced individual or institutional liberties.

Three newspapers were closed for several months and only permitted to resume publication with their critical edge severely blunted. Malaysia's press, once the region's liveliest, has now taken on a distinctly Singaporean hue.

Under the revised terms of the Official Secrets Act anyone who is convicted of revealing an official document which is deemed "secret" faces a mandatory jail sentence of one to 14 years, a huge disincentive to investigative journalism.

The amended Police Act has made it far more difficult to organise public meetings, while the changes to the Societies Act placed additional obstacles in the way of forming political parties.

The Internal Security Act, designed by the British to help defeat the communist threat, has been used to imprison political opponents who were accused of encouraging racial strife. Those imprisoned under the Act can remain in jail indefinitely. The leader of the Chinese opposition party, together with four other MPs, have now been held, along with over 25 others, for more than nine months.

The Act was amended in July to prevent detainees from challenging the reasons given for their detention, thereby removing the most fundamental right of habeas corpus.

Last month, the Lord President of the Supreme Court, Malaysia's most senior judge, was removed from office having been accused by the Prime Minister of interfering in politics. The Lord President, Tun Abbas, said he had merely been attempting to defend the judiciary against attacks by Dr Mahathir. Five other Supreme Court judges have also been suspended. The Bar Council in Malaysia and groups of international lawyers have alleged that the action against the judges was overtly political and is highly damaging to the credibility of the judiciary.

Article 121 of the constitution had earlier been amended to reduce the judiciary's scope for independent action and to make it more subservient to parliament and the executive.

Taken together, these actions over a period of 18 months would appear to form part of a concerted plan to reduce individual political rights and to concentrate power in the hands of the Prime Minister. That is certainly what has happened, but it was not the result of any plan.

Dr Mahathir has wanted to change Malaysia, dramatically and rapidly. He chafed under the lack of professional achievement by much of the Malay community and at the relatively small proportion of the country's commercial wealth controlled by them. Positive economic discrimination in favour of the Malays became more pronounced, decisions were taken to expand the heavy industrial base, foreign policy initiatives urged Malaysians to "Look East" and to "Buy British Last." (The latter policy has been all but reversed: Dr Mahathir is in Europe this week and arrives in London at the weekend. Ostensibly it is a private visit, but he will call on Mrs Thatcher, who has been instrumental in promoting an arms deal with Malaysia which could be worth at least \$1bn (£595.7m) and which may be signed during the visit.)

The Mahathir style irritated and then alienated some of his Cabinet collaagues. They claimed decisions were taken without consultation. Some wanted to distance themselves from the whiffs of corruption which arose from a series of banking scandals. They were uneasy at the acceleration of UMNO into the world of big business and the role played by Mr Daim Zainuddin, the Finance Minister, in helping to make the party a multi-billion dollar concern, which controls hotels, property and some industry.

The closed door tradition of Malay consensus politics was finally thrown open to the public gaze in April last year when Dr Mahathir was challenged for the presidency of UMNO – a post which automatically confers the premiership – by Tunku Razaleigh Hamzah, the former Trade and Industry Minister.

The bitter electoral struggle split UMNO in two, so narrow was Dr Mahathir's victory. It was not followed in the Malay tradition by soothing words and olive branches, but by purges, recriminations and challenges which were to take the issue into the courts and finally, and most dangerously, to the grassroots supporters of the party.

At each stage of the challenge Dr Mahathir has sought to choke off the threat to him, believing, as he does, that it is motivated by personal hatred and a ruthless pursuit of power. The immediate losers have been those channels through which the challenges to his authority have been made: the press, the courts, political parties, individual critics, social action groups and parts of the constitution.

The latest probing of Dr Mahathir's defences has been made through the ballot box, a process which simultaneously revealed both how little the conflict has so far damaged Malaysia and how much greater the dangers could eventually be by carrying the struggle to the Malay masses.

The split in UMNO, revealed by the leadership battle last year, was subsequently widened by the courts' decision that the party was itself an illegal organisation because 30 of its branches had not been properly constituted. Dr Mahathir sought not to raise it from legal death but to head a New UMNO from which would be excluded his more vociferous opponents.

Significant changes have been made to most of the principal pillars of democracy

How much support there is for New UMNO was put to the test in the birthplace of Old UMNO at the end of last month. A former minister and friend of Tunku Razaleigh resigned his parliamentary seat to force a by-election in Johor Baru with Dr Mahathir's popularity the sole issue.

The Prime Minister's bull-like characteristics were never better illustrated. Instead of sitting quietly at home and ignoring the challenge, Dr Mahathir charged the cape, straight and true, spending three days campaigning in the constituency. His candidate was massively defeated.

Several conclusions can be drawn, some of which must be tentative and most of which are double-edged. Most important, it showed that the democratic process itself is still alive and functioning. But, as the Johor Baru result demonstrated, this could pose a risk to Dr Mahathir if his opponents choose to force a string of similar by-elections. He might then be tempted to change the rules again or face a slow erosion of support in parliament and an even slower rate of recruitment to his new party.

Studies of the by-election also reveal that the opposition candidate attracted a great deal of Chinese support which has prompted speculation that a fascinating, if also alarming, realignment in Malaysian politics could be on the cards. Instead of the previous UMNO Malay dominance, the prospect has been raised of two Malay parties rivalling each other for Chinese and Indian support and the general election result depending on their relative success in achieving it.

This week Tunku Razaleigh led a group of 15 MPs from the former UMNO in formally announcing to the Speaker that henceforth they would call themselves independents, a move seen by some as the start of a grand opposition alliance.

There is nothing to suggest that further shattering of the traditional mould would recommend itself to Dr Mahathir. He has shrugged off the by-election result as of little significance. As Prime Minister it has not dented the power and the patronage which he enjoys. The economy has picked up strongly this year, largely on the back of higher commodity prices. Although domestic private investment remains disappointingly sluggish (primarily due to a lack of confidence by the Chinese community), there is, as yet, little firm evidence that foreign investors are being frightened off by political uncertainty.

Against that Dr Mahathir must know that his opponents are unlikely to give up, that he will never be able to relax, or be able to concentrate his energies on running the country. And there is not such a plentiful supply of able ministers that unswerving loyalty can be placed above other qualities without further diluting the authority of the Cabinet.

Most Malays appear to believe that the rift within their ranks could still be repaired, which the majority favour, but the more likely prospect is for a continuing struggle with neither side capable of decisive victory. If there is near unanimity in Malaysia on one thing, it is that the country deserves better.

OBSERVER

Hard times for Lawson

■ Nigel Lawson, the Chancellor of the Exchequer, wants all future annual meetings of the IMF to be held in Washington. At present they take place in the American capital two years out of three. This week the Finance Ministers and their numerous hangers-on are off to Berlin. Lawson says that the longer he has been around the more convinced he has become that such excursions are an enormous mistake. The places are not geared for IMF conferences, they are very expensive, the security gets in the way and life becomes even less civilised than usual.

The Chancellor accepts that the 1991 meeting will have to held in Thailand, since it is already scheduled. But he adds that, to adapt T S Eliot, it is the hope of the entire British Government that the practice will "end with a Bangkok".

Those are the views of a man who would like to be Foreign Secretary.

All but PM

■ There was a time was when Vegreville's only claim to fame was the world's largest Ukrainian Easter egg which nestles nearby. Now the deeply unfashionable west Canadian township is more readily associated with Donald "Maz" Mazankowski, its local MP.

Little known outside Canada, the 53-year-old second-generation Polish immigrant is increasingly recognised domestically as the power behind the Prime Minister, Brian Mulroney. That is partly because of his unprecedented collection of ministerial titles. Following last week's pre-election cabinet reshuffle, he has five: deputy Prime Minister, Leader of the House, President of the Privy Council, Minister responsible for deregulation and Minister of Agriculture.

Mazankowski has transformed the role of deputy PM from that of a powerless understudy to one of arch political fixer. He has become the chief channel of communication between Mulroney and his cabinet and is genuinely the second most powerful figure in Ottawa.

He is also probably at the peak of his political career. His lack of desire for the top job is well-known in Canada – a further factor behind his status as one Mulroney's most trusted advisers. In any case, if he did want to be Prime Minister, he would have to brush up on his French. His present way of handling the language would not go down well in Quebec.

"What would you suggest for someone I'm paying compensation money to?"

Odd figures

■ A chart on the front page of the second section of yesterday's Financial Times has attracted considerable interest. It tracks the sales of bras and girdles/corsets in Western Europe and the US from 1983. The chart reveals major differences between American and European habits, especially when you remember that the population sizes are not that dissimilar.

Over 220m bras were sold in the US last year. The figure for Europe was 179m. When it comes to girdles/corsets, the figures are reversed. Europeans bought about 38m and Americans only about 27m. No-one so far has been able to explain why the figures are so disparate.

Rare speech

■ Margaret Thatcher's address in Bruges yesterday is a reminder of how seldom the British Prime Minister makes big set-piece speeches nowadays. Partly that is a result of the Conservative Party's huge Parliamentary majority: there is no occasion, for example, for her to have to defend the Government's record on a motion of no-confidence. Yet previous Prime Ministers (Macmillan, Wilson, Heath, Callaghan) did seem to make big speeches more often outside the party conference arena. Thatcher prefers the Jimmy Young Show. Perhaps because of that, her speech in Bruges was awaited with great interest: almost like a de Gaulle press conference. Maybe that is the model.

The Elviscard

■ The cult of Elvis Presley has reached the financial services industry. Fans were enthused some months ago when several tabloid newspapers ran front page stories claiming that Elvis is still alive and well and living somewhere in the US.

Now the Elvis estate has come up with something more tangible: the Elvis Presley Mastercard.

The card is being test-marketed by Leader Federal, a Memphis-based financial institution in conjunction with Mastercard. According to the latter, it "captures the excitement of a young Elvis in performance against a backdrop of a glowing Wurlitzer jukebox which symbolises the era of the birth of rock and roll".

A portion of the annual membership fee and credit card revenues will be donated to the Elvis Presley Memorial Foundation, a non-profit charitable concern which supports homeless families, orphaned children and budding young musicians.

Japan's secret

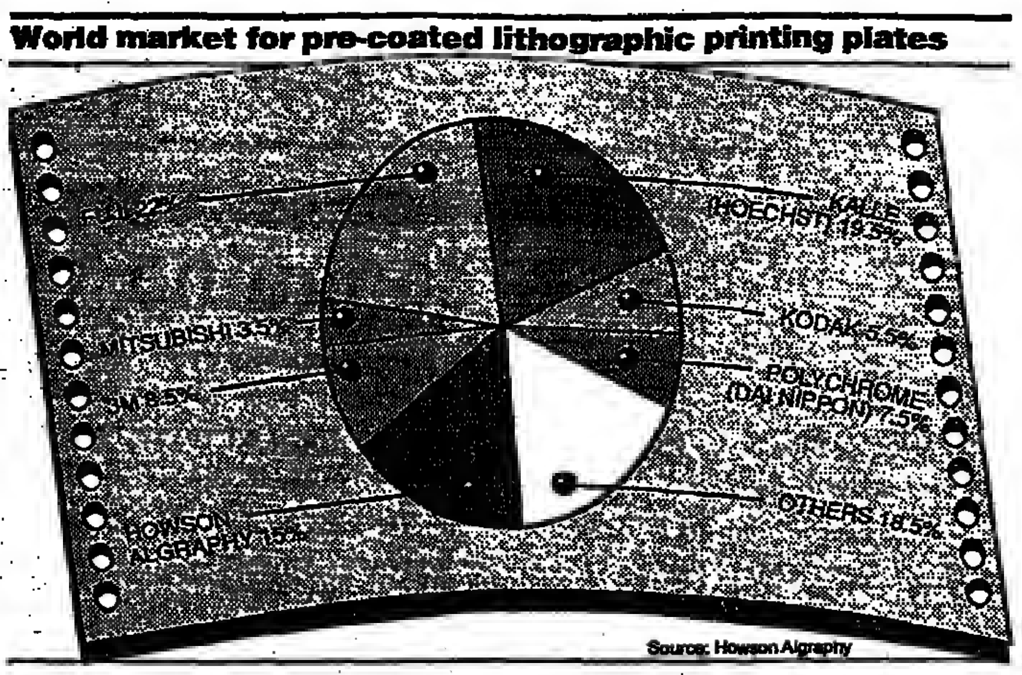
■ Yasuhiro Nakasone, the former Prime Minister of Japan, said at Chatham House yesterday that Margaret Thatcher had once asked him how his country developed its technology. He explained that one of the secrets lay in the wide use of robots. It had something to do with the Japanese perception of godhood "not only in the sun and stars, but also in mountains, rocks, large trees and other inorganic things". Thus workers accepted robots as colleagues with whom to share their joys and sorrows. On special days, Nakasone went on, some workers took beer or sake to their robots and greeted them: "Hey, brothers! Let's carry on together!" Thatcher responded at once: "Please serve your robots scotch whisky."

Good club

■ Notice in a Wiltshire women's club: "Talks for October, Wednesdays 3 pm. 5th, What will 1992 mean for Britain? 12th, AIDS. 19th, Glasnost. 26th, Pine-cone decorations."

Nick Garnett wonders if history will repeat itself in the lithographic plate industry

Throwback to an earlier age



Source: Howson Algraphy

When Fuji, the Japanese photographic company, recently decided to build a new plant to make lithographic printing plates in South Carolina, it seemed of limited interest. Japanese "transplants" are an increasingly typical feature of manufacturing in North America.

But the move – which adds 10 per cent to world capacity – is a fascinating throwback to the 1960s. The lithographic plate industry, which produces printing plates used in the production of newspapers, magazines, books and similar material, looks like so many sectors did two decades ago: British companies are still world scale players; West German-based operations control more than 25 per cent of the world market; the Japanese are just beginning to move abroad; and US suppliers are largely confined to North America, without much competition.

The competitors include some of the world's biggest corporate names, such as the West German chemical giant Hoechst, the Vickers engineering group in the UK and Kodak and 3M in the US.

But things are beginning to look overcrowded. Fuji is breaking into the US, its new plant is capable of producing 12m sq m of pre-coated plate a year, compared with world demand of 130m. BASF, another West German chemical giant which slowly entered the market in the early 1980s, is trying to expand quickly and introduced a new facility last year, capable of churning out 6.5m sq m of plate. Meanwhile, a host of small-scale producers are springing up in protected domestic markets from Brazil to South Korea.

One question is whether the Japanese, principally Fuji, can brush aside US competitors as they have done in so many other industries. Another is whether the Germans, in the shape of Hoechst, the aggressive Polychrome, and BASF, will again demonstrate their tremendous resilience. The answer partly rests on the ability of US plate makers to erect better defences than those offered in the past by other North American industries. And when the going gets tough, will the two British suppliers, Vickers' Howson Algraphy and the much smaller but very aggressive graphics division of Cookson, take the fight to the competition or watch their position become eroded?

The good news for lithographic plate makers is that demand is rising at about 7 per cent a year. The bad news is that margins are getting tighter and the boom in printing and publishing might level off in three to four years time.

To produce an image, aluminium printing plates, divided into positive and negative types, come with quite sophisticated chemical coatings. These coatings can be bought in, so there are scores of plate makers. But there are also about 10 world-class suppliers who claim to offer more in terms of delivery and printing quality.

West German-based operations control more than 25 per cent of the world market. Hoechst's subsidiary Kalle has plants in Europe and South America and owns Enco, one of the three leading US suppliers. Polychrome, actually part of Japan's Dai Nippon but which is managed by Germans, is next, followed by BASF.

In the UK, Howson Algraphy, which Vickers put together from acquisitions in the 1960s and 1970s, has been growing at twice the speed of demand. It now claims 25 per cent of the European market, just behind Kalle, and 15 per cent of world sales. Cookson's division, the former Horsell Graphics which Cookson bought three years ago, has come from nowhere in the late 1970s to take about 8 per cent of European sales.

The two US companies, 3M and Kodak have together about 14 per cent of world sales and, along with Enco, have a near stranglehold on the US market. Fuji, with a dominance of its domestic market but with small penetration elsewhere, is probably the world's biggest supplier with around 22 per cent of global sales.

Fuji's new Y10bn (£45m) plant appears to be directed at the heart of Enco and at the position of its German parent, Hoechst – Fuji's main competitor for world leadership. Fuji has also set up a co-operation agreement with Dupont in graphic equipment as part of its attack on the US market.

Fuji is not known as a particularly aggressive company (unlike Polychrome) but some European companies have questioned the long term position of Kodak as a result of the move. "If someone is going to drop out in the long run it could be Kodak," says one industry manager. "You wonder if printing plate is just an annoyance to Kodak as they make so much money in other areas," says Derek Wyse, Howson's marketing manager. This view was reinforced when Kodak dispensed with a quarter of its North American dealers last year.

However, Kodak says it intends to stay in plate. The reduction in dealers was to consolidate and strengthen its sales network. "This was not a cutting back. We are committed to being a full line manufacturer and marketer of graphic arts products," says a Kodak spokesman.

BASF spent DM 70m (£22m) at its new plant at Willstätt and uses technology imported from Japanese companies Mitsubishi and Konica. The industry says BASF has run into problems with this technology and has developed much more slowly in lithographic printing plate than it wanted.

The German company says the impression of quality problems arises from customers using its web-offset, Nylolith branded, negative plate for the wrong applications. This is largely because BASF does not yet supply a full range of negative plates. "Within two years we will close this supply gap," BASF says. Few doubt that with BASF's huge capital base it will become a key supplier sooner rather than later.

In the UK, Howson is by far the largest producer. Vickers has taken the long term view with this business, spending £25m on a new plant in Leeds opened six years ago. The company has production facilities in Spain and the Netherlands and recently acquired Imperial, a small US plate maker which gives Howson direct access to the North American market.

Mr Tony Wright, Howson's managing director, says Howson is determined to fight its corner and grow. Like many managers though, he believes Stock Market pressures in the UK are detrimental to the long term health of industrial companies and recognises that this could make life difficult for Vickers if margins get even tighter. Already 89 per cent of Howson's business in the UK comes from marketing printing-related products of other companies, the rest from its own manufacturing. However, he rejects the suggestion that in the long term Howson would consider getting out of plate making. "Just the opposite."

The Cookson operation has a reputation for the most vicious pricing policy in Europe. "In positive plate they have destroyed the pricing structure in the UK and are trying to do the same in Europe," says one competitor. This kind of aggression sometimes comes unstuck. However, since Cookson's takeover of Horsell three years ago, the company is becoming a broader and more international operation. It has taken on Advance, a US company, and Coats in the UK, purchases which take it into North America and into negative plate where it has not been before.

Small producers are drifting away from plate making all the time. But many in the industry believe that if market growth flattens, perhaps around the turn of the decade, at least one big producer might give up.

The competitors are, in many ways, evenly balanced. Many sectors of manufacturing looked a lot like this 25 years ago. But not any more. The Japanese and West Germans have tended to stick the course; British companies have disappeared from the rankings in many industries. Hundreds, of US companies have been forced into retreat.

The real test in the lithographic plate industry will come if the boom in printing and publishing levels off, perhaps in three to four years time.

The Common Agricultural Policy

Tackling the myth of low farm incomes

By Berkeley Hill

The Common Agricultural Policy, like many other policies, is built on a myth – that without support the incomes of farmers and their families would be unacceptably low. No doubt some farmers need assistance, but this does not justify continuing a policy by which farmers receive special treatment. Under the CAP consumers and taxpayers find themselves paying for a regime that is widely attacked but has proved to be very resilient.

One reason why change is so slow is that information about the incomes and living standards of farmers is notoriously difficult to obtain. Few member states are able to tell how the incomes of their farmers compare with those of other people, or even how many low income farmers there are. Now the myth is being challenged with evidence. A new report, The Total Incomes of Agricultural Households (Eurostat, theme 5, series D), on the total income of farmers in the EC has presented what information currently exists. It looks at the opportunities for setting up a reliable information system, a move which threatens the illogical foundations of the CAP and promises the possibility of fundamental reform.

The CAP is no longer uniquely agricultural in the production sense. Security of supply, stable prices, trade, productivity and other issues have had periods of particular relevance in the history of agricultural policy. However most of the problems associated with food supply in Europe have been solved and replaced by ones of over-supply, coupled with undesirable environmental changes associated with higher levels of output. Today, the CAP is primarily a social policy aimed at supporting the incomes of a particular small group in rural society – self-employed farmers and their households – through mechanisms designed for an earlier era.

It is perhaps surprising that so little is known about the personal income position of farmers and their households. There is an official monitoring system of farm businesses covering all member states called Farm Accountancy Data Network (FADN) drawing on national sources (such as the Farm Business Survey in Britain), and annual accounts for the entire agricultural industry, but at their respective levels these only consider income from the farming activity. And here is the nub. At least one third of farmers or their spouses in the EC are known to have other income yielding employment which they combine with the farm. Additionally many have investment income or rents. Any assessment of their income position as social units (as opposed to generators of agricultural output) must take all these sources of income into account, together with taxes and other outgoings. Only then can farmers be shown as a group for whom assistance to their incomes is, or is not, justified.

Only two countries estimate and publish regular assessments of the disposable incomes of socio-professional groups within the framework of their national accounts in a way which puts farmers on a similar basis to other groups in society. The results are disquieting. In both West Germany and France, farmers' households have average disposable incomes persistently above the national average and, though the gap has narrowed, the latest available figures still show farmers ahead – in West Germany DM 44,000 as opposed to DM 42,000 (1984) and in France FFr 165,000 against FFr 145,000 (1983). In some other countries (Ireland, Netherlands, Denmark) official surveys throw light on the composition of total household income. Without exception these show the importance of not judging farmers' household income on that from the farm alone, particularly among the smaller farms where the occupier may be in total very well off.

Yet these sources only amount to a patchwork of information and are based on disparate methodologies. Looking further afield, in the USA the average total income of operators of small farms is much greater than that of medium sized farmers; to judge their economic welfare solely on the basis of their income from farming would totally misrepresent their overall situation.

The CAP cannot be reformed in a fundamental way without a reliable and harmonised set of data on the household income of farmers throughout the EC. This involves some searching questions to policy-makers. The Treaty of Rome aims at providing a fair standard of living for the "agricultural population" – but who comprises this population? All who have a farm, including bankers and solicitors, or only those whose main income comes from the farm, or who spend most of their time there? The main policy mechanism in use – price support – fails to discriminate according to the nature of the farm operator. While there are recent moves by the Commission towards creating an aggregate income indicator for agricultural households, it will be several years before Community policy-makers will have information to put alongside the estimates of the value added by the industry to guide their decisions on the prices to set for farm products. At the microeconomic level, any general shift to more selective direct income aids is constrained by the information lacuna. Nevertheless, better statistics currently under development will eventually open the door to more effective policy design.

It is in the short-term interest of some groups of farmers, and possibly some countries, to maintain the present state of ignorance over personal incomes, though a clearer knowledge is undoubtedly preferable for the development of the EC as a whole. Meanwhile, the CAP will have to be content with a situation of supporting the incomes of farmers without good evidence of social need, and with using price support which gives the greatest assistance to those farmers who least need help.

The author is senior lecturer in agricultural economics at Wye College, University of London

LETTERS

'Orthodoxy believes in a perfect way'

From Sir Owen Green.

Sir, One wonders whether the monochrome slip of orthodoxy is beginning to show beneath the brighter garment of contemporary respect which Lex has acquired and worn well over the past 50 years. I refer to comments (September 19, and earlier) on the proposed issue of BTR warrants.

This particular orthodoxy believes *that the market can* work in a perfect way, seeing into the more distant as well as the immediate future and placing all of that in a current context. The case history of warrants contains many examples which *suggest otherwise.*

Lex writes that a warrant cannot create value, but only redistribute it – I have always *had the impression that the* market creates and diminishes the relevant valne, not the instrument. That apart, this issue represents a partial reorganisation of our equity, as does the scrip dividend option with which it is coincident. It is being made only to shareholders on the register at record date, and the company itself has no redistribution powers which could dilute a shareholder's interest.

The proposition that these warrants – the ultimate value of which can only relate to future events – will *not* make people look at BTR's prospects more carefully, is the "curious" or "odd" one; not the reverse.

The final misconception is in the view that a share price fully reflects the market's estimate of the future, and that any *failure* so to do is a reflection of faulty communication with the City of London. BTR is one of the very few important listed companies not to have taken issue with the City over short-termism. We seek, by gentle persuasion, to draw the attention of our existing shareholders and other BTR *aficionados* to our mid- and long term future, as an extra and "stand alone" dimension in the size of their interest in *our company.*

If, at the same time, we can create a potential inward flow of funds to the company, we believe that such endeavours should be welcomed – even risking that the innovation of today might become the orthodoxy of tomorrow.

Owen Green,
BTR,
Silvertown House,
Vincent Square, SW1

A perverse turn to the phrase

From Mr Nicholas Carn.

I was scarcely able to contain the cry of outrage occasioned by the Government's comments on the recent retail price index increase.

To describe the impact of the recent mortgage rate increase as perverse may conceivably be justified. But to use it to explain away an unwanted rise in the *cost* of living *index* – after a period when that very index has conveniently failed to reflect a tripling in house prices, and a corresponding sharp rise in the cost of this amenity – is, to use the Chancellor's words, itself a little "perverse".

Nicholas Carn,
CIGNA International Investment Advisors,
16 Finsbury Circus, EC2

Competitive tendering by accountants is permitted

From Mr John Beard.

Sir, Mr Nick Tarrant, editor of The Accountant, suggested in his letter (September 13) that "it might . . . run counter to the profession's ethics" for a firm to "rock the boat by reducing fees to gain clients".

Current guidance given by the UK and Irish Institutes of Chartered Accountants provides that:

"A member is entitled to charge for his services such fees as he may consider appropriate in connection with the work that he undertakes;" and

"The fact that one member may charge a lower fee than another for undertaking the same or similar work is not improper provided care is taken to ensure that the client is not misled:

(a) as to the precise range of services that a quoted fee is intended to cover (in which connection that memher should provide the client with an engagement letter); and

(b) as to the likely level of future fees for any work undertaken for the client."

Evidence of work having been obtained or retained through quoting a fee that is not economic – in terms of the time needed, and quality of staff necessary to perform that work to a satisfactory professional standard – could, however, be a factor to be taken *into account in considering the* member's conduct in the event of allegations of unsatisfactory work.

This institute's ethics committee specifically endorsed the propriety of competitive tender as long ago as 1980. It is clear from the number of enquiries received by the secretariat that the process of competitive tendering is now widespread, particularly for major audits.

John M. Beard,
Chairman, Ethics Committee,
Institute of Chartered Accountants in England and Wales,
PO Box 433,
Chartered Accountants' Hall,
Moorgate Place, EC2.

More flexible professionalism

From Dr Colin Coulson-Thomas.

Sir, The grey world of the professions portrayed by Hugh Aldous (Letters, September 16) *is rapidly changing.* The recent British Institute of Management report, The New Professionals, based on an Aston Business School study of the accountancy and management professions, reveals that professional firms and associations face a number of fundamental challenges, including greater willingness among cli*ents to question* the value of professional services.

More young people are seeking the autonomy and freedom that comes from using a personal skill or competence to work on a fee basis for multiple *clients. Flexible patterns* of work along the lines of Rank Xerox's "networkers" are becoming more attractive to those seeking to leave hig organisations to join the ranks of the "new professionals," and run their own businesses.

Companies and firms seeking to retain the allegiance of these young lions, with their enterprise and scarce talents, must offer alternative career paths and more flexible methods of working, assessment, remuneration and control.

Dr Colin Coulson-Thomas,
Aston University,
Birmingham.

Accountancy staff serve different business needs

From Mr Alan McFetrich.

Sir, Richard Waters, in his accountancy column (September 8), refers to a relative scarcity of accountants leading the UK's top 100 companies.

17 chairmen and chief executives seems to me not a bad score for accountants developing through financial management into top management roles. I believe it would compare favourahly with similar statistics for marketing men, sales and production managers, and for lawyers.

Mr Nick Tarrant, *editor* of The Accountant, seems to imply (Letters, September 13) that the success of the big accountancy firms is achieved by keeping prices high in a monopolistic market. He ignores the fact that the fee *income* growth of the large accountancy firms is fastest in the non-audit service areas – for instance, in management consultancy.

These are fiercely competitive markets – as is audit. But in these markets, accountancy firms have to provide staff from a wide range of disciplines (not just accountancy) to compete head to head with non-accounting based firms with completely different financial structures.

Despite this relative disadvantage, accountancy firms have increased their market share in the provision of nonandit advisory services.

Market research shows that this is because we are seen by the market to understand business and business needs, to help solve problems and to provide value for money.

Alan McFetrich,
Deloitte Haskins & Sells,
PO Box 207,
128 Queen Victoria Street, EC4.

FINANCIAL TIMES
Wednesday September 21 1988

Sweet deal gets Pepsi into India

K. K. Sharma reports on a deal between India and a US multinational

IF entering the Russian and Chinese markets was challenging for Pepsi Cola, its efforts to operate in India have been truly herculean. To do so, it has made concessions it has offered to no other country.

Pepsi and its Indian partners – Punjab Agro Industries, a fast-growing corporation owned by the Punjab Government and Tata, India's largest industrial conglomerate – are delighted that the Indian Government's approval for the controversial counter trade-cum-foreign investment deal has been given in time for the visit today of Mr Rajiv Gandhi, the Indian Prime Minister, to the troubled state of Punjab for the first time in three years.

The announcement is part of an economic package promised to the Punjab to help combat the terrorism which the Government feels has been exacerbated by unemployment and the state's poor industrialisation. The proposed Rs220m ($15m) soft drink and food processing project is to be located in Punjab.

More important, however, is the fact that the US soft drink and food multinational has agreed to several demands from the Indian Government which it has not accepted for entry into any of the other 150 countries with which it deals. Indian companies such as Parle, which controls 75 per cent of the country's lucrative soft drink market, feel threatened by Pepsi's approach and the multinational's flexibility is designed to counter criticism that the project involves foreign investment in a low-technology area.

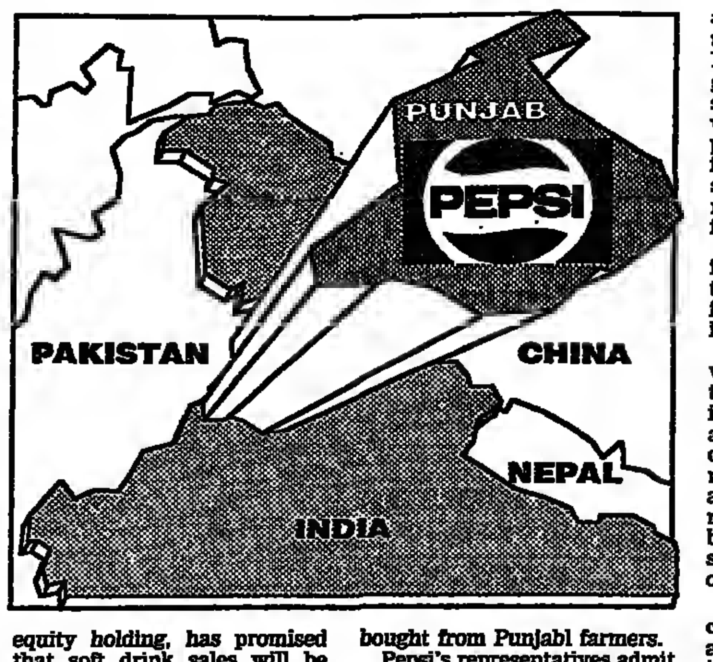
Pepsi has now agreed to accept a minority 40 per cent equity holding, has promised that soft drink sales will be only 25 per cent of the total turnover, has accepted that foreign earnings through exports by the new company will be at least five times the outflow of foreign exchange for payment of dividends and import of raw materials, and has agreed that the concentrate for the soft drinks will be manufactured in India.

Most important for India, which is now facing a serious balance of payments problem, Pepsi has promised to export 50 per cent of its total turnover for 10 years instead of the usual five-year agreement. The exports will mainly be of processed food products based on vegetables and fruit to be bought from Punjabi farmers.

Pepsi's representatives admit that the biggest attraction is the growth potential of India's soft drink market. Control of 25 per cent of today's market will mean no more than Rs 90m in annual profits through sale of the concentrate, but this is expected to grow significantly.

The per capita consumption of soft drinks is extremely low, at an average of only three bottles annually compared with 13 in Pakistan, 38 in Thailand and 63 in Egypt. As income levels improve with the development of the economy, this is certain to increase.

After three years of hard bargaining, however, the project has emerged with the



accent on exports and based on the agricultural products of Punjab, at present India's main grain producer. Punjab Agro says it proposed collaboration with Pepsi and Tata because a plateau had been reached in food grain production and it saw a need to diversify into non-traditional crops such as fruit and vegetables.

The Pepsi project will involve the purchase of 100,000 tonnes of fruit and vegetables for a modern processing facility to be set up in Punjab.

Punjab Agro says the project will not only promote agriculture and increase farmers' incomes, but will also expand an underdeveloped food processing industry in India. Even more important, it will create an additional 50,000 jobs nationally and benefit neighbouring fruit-growing states such as Kashmir and Himachal.

Pepsi sees the project as a challenge. It knows that by agreeing to India's conditions it will have to increase exports if it wants to expand sales of its soft drink concentrate in the domestic market (Pepsi itself will not do any bottling).

Its present plans are to export part of the concentrate manufactured to the Middle East. Most of the export effort, however, will be in the food processing business, mainly of fruit and potato-based products. It must do this if it is to increase sales in India and fulfil the commitment of bringing in five times the foreign exchange that it sends out.

This will not be easy, considering the one-to-one ratio agreed by Pepsi in the Soviet Union and China.

Burmese troops tighten grip on Rangoon

By Roger Matthews in Bangkok

THE BURMESE army tightened its grip on the streets of Rangoon yesterday following Monday's onslaught against demonstrators during which as many as 500 people may have been killed, according to Western diplomats.

Sporadic shooting was reported throughout the day in different parts of the capital with the heaviest firing coming from the university area where several thousands students had gathered on Monday.

Many people were said to be stunned by the random savagery of Monday's attacks, especially one in which troops shot a number of teenage schoolgirls at close range. By nightfall yesterday tension in the city was said to have eased with troops touring the streets with loud hailers telling the public they would not open fire unless attacked.

The regime also announced the formation of a new administrative Cabinet composed of military officers and set a new deadline of October 3 by when all people were ordered to return to work.

No prime minister was named, but Gen Saw Maung who headed Sunday's formal assumption of power by the military, retains his post as Minister of Defence and adds to it the Foreign Ministry portfolio. Senior officers were also placed in charge of each of the country's provinces.

Opposition forces, which until the weekend had been increasingly confident that they were moving towards forming an interim government to replace the 26-year regime of Gen Ne Win and guide the country towards general elections, seem sharply divided on their response to the military action.

The most indicative voice to be heard yesterday was that of Min Ko Naing, 26, a student who in the past three months has emerged as the most authoritative spokesman for young people in the forefront of the street demonstrations.

He said that the regime's action showed that the time for talking was past. Students and Buddhist monks are believed to have captured weapons and ammunition during attacks on police stations during Monday's violence.

One diplomat said that the students appeared to have forecast the regime's actions far more accurately than the older opposition leaders and had made contingency plans. He expected that in the immediate future the student leaders would forsake demonstrations in favour of closely targeted hit-and-run attacks on the regime.

THE LEX COLUMN

A sanguine view of interest rates

There was a distinct feeling in London yesterday that the threat of higher interest rates was receding, though it was not wholly clear why. The bank lending figures were better than forecast, but the real worry for base rates concerns consumer credit and downward pressure on sterling, neither of which the bank lending figures directly address. Again, though yesterday's decision by the building societies to raise mortgage rates implies a judgement on base rates, the societies have been wrong before; and they were in any case under pressure to follow the recent initiative on mortgage rates by the banks.

The sharp jump of more than a point in long gilts seems to have been largely technical, and says more about the present erratic state of the gilt market than it does about fundamentals. Although the relationship between gilts and equities has been back in vogue lately, movements like this make it harder to look to a specific yield ratio as a guide for either market. With money market rates back down to 12 per cent, it seems fair to conclude that the market now feels confident of a month's grace before another rise in base rates. Next week's trade figures could still change that in a moment.

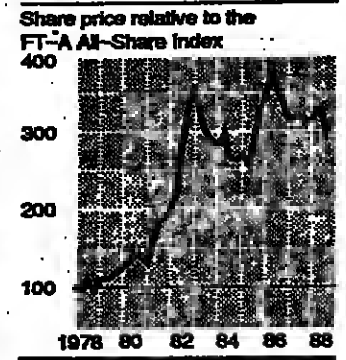
Tarmac

Tarmac's share price has been defying the logic of stunning earnings growth for so long that one can only conclude that the market has decided there is some better guide to the company's performance than a few humble numbers. Last April, Tarmac reported a 32 per cent rise in 1987 earnings per share and predicted a bumper 1988; in the intervening months, the shares have fallen 10 per cent, leaving them on a prospective multiple nearly a full point lower than the 8 times earnings predicted half a year ago. Either that is cheap, or something is about to go seriously wrong at Tarmac.

The fact that yesterday's share price remained stolid in the face of a 53 per cent increase in first half earnings per share suggests that the market is convinced of the latter. But if so, it is proving uncharacteristically farsighted: the level of construction orders already on Tarmac's books for next year

Tarmac

Share price relative to the FT-A All-Share Index



makes it difficult to predict that 1989 will be the year things go bust in that sector; and though housebuilding margins must decline next year, they will be starting from truly extraordinary levels.

The investor is left to choose between the market's apparently unshakeable conviction that higher interest rates will slam the housebuilders – especially the likes of Tarmac, with its short-term land bank – and the company's equally imperturbable belief that nothing of the kind will happen. If past performance is anything to go by, Tarmac could yet have the last laugh.

Lonrho

A more than 10 per cent jump in the Lonrho share price on the day that Mr Asher Edelman surfaced as the mystery buyer is probably excessive. Mr Edelman has mounted bids for companies worth considerably more than Lonrho in the past, but his record has been patchy; and his failure to make things happen on a number of recent occasions has disenchanted many in the US risk arbitrage community, whose support is critical in any hostile action. But although he lacks the credibility of a heavyweight Wall Street raider like Carl Icahn, he can often smell undervalued assets; and even at current prices, Lonrho shares could be trading at a discount of more than a third to break-up value. The big question is whether someone else will come along and try to unlock this value. It could be a long wait, unless Mr Edelman is more privy to Lonrho's secrets than the rest of the City.

Clyde Petroleum

The market's benign reception of Clyde's £121m rights issue might be partly relief that, having done a deal with a mining company, Clyde has not followed the Carless example of a fortnight ago and bought into coal as well. It might seem perverse that the institutions are keen to invest in exploration and production at a time when the oil price is struggling to hold $13. The answer seems to be that, given the goings-on with Lasmo and Enterprise, supply and demand is now concerned not with oil but with the companies themselves.

The Newmont deal, though, seems astute enough. The price per barrel looks high, but production costs are low; it is claimed that new reserves would be worth exploiting at an oil price below $10. In addition, the deal takes Clyde further outside the UK ring fence for tax purposes – important in building up exploration overseas, since the Dutch system allows overseas exploration costs to be offset against Dutch production revenue.

All the same, Clyde's shares may well be slow to move ahead from here. Ultimately, the high prices in the sector represent a bid premium, and Clyde is less vulnerable than most. There is something in the argument that as others are snapped up, the survivors will be in demand to keep up institutional weighting; but that is probably in the price already.

Minorco

If Minorco were not so well entrenched in the Anglo American empire, it would make an obvious takeover target. The holding in Salomon having been cashed in just before the October crash, yesterday's figures showed the company sitting on $890m of cash, and its shares are trading at a discount of more than a third to its $3bn net asset value. It has 15 staff, a handful of readily marketable strategic stakes, and an unfulfilled ambition to become something more than a passive investor in resource-based assets. To date it has been singularly unsuccessful in realising this objective and if it were not for Anglo's blocking stake, it would have probably ceased to exist long ago.

Moscow seeks naval reduction in Arctic

By Hilary Barnes in Copenhagen

THE SOVIET UNION is anxious to see progress made towards reductions in superpower naval activity in the Nordic and Arctic seas, Mr Eduard Shevardnadze, the Soviet Foreign Minister, emphasised in Copenhagen yesterday.

Mr Shevardnadze was on a 24-hour visit to Copenhagen – his first visit to a Scandinavian country – en route for the meeting of the United Nations General Assembly in New York and a meeting with Mr George Shultz, US Secretary of State.

In a speech at a dinner given by Mr Uffe Ellemann-Jensen, the Danish Foreign Minister, Mr Shevardnadze said the time had come to get down to work on measures to build confidence and to limit military activities in the northern seas.

Proposals for this were originally made by Mr Mikhail Gorbachev, the Soviet leader, in his Murmansk speech two years ago, but have so far elicited little response from the Scandinavian governments. Nato members Denmark and Norway in particular see the proposals as giving advantages to the Soviet Union.

Mr Shevardnadze praised Denmark's attitude to nuclear weapons: "We value independence in consideration of this question." This was a reference to the fact that Denmark, despite being a member of Nato, does not allow nuclear weapons on its territories. It may also have been a veiled reference to events last spring, when Denmark came close to excluding itself from Nato military co-operation.

A Folketing majority called on the Government not to permit visits by naval vessels which declined to declare that they did not carry nuclear weapons, a stand which was not acceptable to the US and Britain. After a general election in May, however, the crisis was resolved by a policy formula which satisfied Nato.

Mr Ellemann-Jensen urged the Soviet Union to join a European scheme for cheap railway travel for young people, opening the way for young Europeans and Soviets to meet.

"I think it is a fine vision to imagine our youngsters meeting in cafes in Kiev, Kazan and Copenhagen to discuss how they will arrange Europe when their turn comes," he said.

A well-wisher outside the Imperial Palace in Tokyo prays for Emperor Hirohito's speedy recovery. The 87-year-old monarch, received three blood transfusions yesterday and was in a stable condition after vomiting blood. Prime Minister Takeshita's Cabinet is expected to approve plans tomorrow to put Crown Prince Akihito in charge of state matters.

Ford aims to lift output

Continued from Page 1

in 1960. However, site-clearing and the erection of temporary offices has begun on land adjoining the plant.

Mr Trotman, speaking after an awards ceremony for Ford component suppliers, refused to criticise any individual plants. He said: "We've got bottlenecks everywhere."

Hundreds, probably thousands, of improvements were needed at the plants. Ford's European operations had a long way to go before reaching world-class standards of productivity, said Mr Trotman who has warned of further job losses among Ford's 40,000 workers in Europe.

He offered no assurances that a target set by Ford before he assumed the chairmanship, of sourcing 70 per cent of its total UK car sales from British assembly plants would be adhered to.

The Government's concern "is something we have to take note of. But Ford of Europe's main aim is to run a balanced business."

Ford's plans for higher output coincide with an implicit warning from Mr Trotman that Western Europe soon could be facing a re-run of the vicious sales wars of the early 1980s.

The region's recent run of record new car sales, reaching 12.29m last year, could not be sustained, he said.

When the downturn came, he warned, it would arrive at a time when all the European manufacturers had introduced new models and increased production, and when Europe was facing an influx of new manufacturers to attack the planned single European market.

Thatcher stresses independence

Continued from Page 1

pride." Centralisation would be ironic just at the time when the Soviet Union was learning the merits of dispersing power.

● EC problems must be tackled "in a practical way." This was why last February's EC budget reforms, on which Britain had so insisted, were vital. Those who complained that the Community was spending so much time on financial detail missed the point. "You cannot build on unsound foundations."

Referring to Commission plans to "protect villages and rural areas," she insisted this laudable goal should not be pursued "by the instrument of agricultural prices."

● Europe must encourage free entreprise to flourish. The Treaty of Rome was intended as a Charter of Economic Liberty, but this was not always how it had been read, still less applied.

De-regulation, rather than re-regulation, was the essence of the EC's drive towards a single market, which she fully supported. Britain had itself shown a lead to its partners, in liberalising financial services, telecommunications, and airlines.

In obvious reference to the new Delors committee formally established earlier this month to examine steps towards monetary union, Mrs Thatcher said: "The key issue is not whether there should be a European Central Bank," but "immediate and practical requirements." These included capital liberalisation, abolition of exchange controls, freeing of financial services, and greater use of the Ecu (the composite European currency unit). Britain was promoting the latter by issuing Ecu-denominated Treasury bills.

Without directly referring to the Commission plan for indirect tax harmonisation as a prerequisite for post-1992 abolition of EC internal frontiers, she said it was "plain common sense" that some frontier checks had to stay to control drugs and terrorism.

"That was underlined graphically, only three weeks ago, when one brave German customs officer doing his duty on the frontier between Holland and Germany struck a major blow against the terrorists of the IRA."

She also questioned the need for more EC social legislation which might make Europe's labour market less flexible and less competitive.

● Europe must remain a free-trader and not break down internal trade barriers only to erect them higher against the outside world.

Her words will be heard clearly in the Commission which is currently trying to work out a new external trade doctrine, in the light of its 1992 internal market programme.

● Finally, and "most fundamentally," Europe must maintain a sure defence through Nato. Europe could work to shoulder more of its own defence burden through the Western European Union (WEU) but not as an alternative to Nato.

She said she would fight for her views, not least because Britons felt as European as any other EC nation.

WORLD WEATHER

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Japanese job-seekers kidnapped

Continued from Page 1

because companies are looking for record numbers of recruits. There are 619,000 places on offer to male university graduates, but only 203,000 potential recruits, according to Recruit, Japan's leading employment agency.

Competition is more intense than in other countries because of Japan's lifetime employment system. Companies recruit virtually all their future senior managers direct from university – there are few late entrants into the corporate mainstream.

Companies also resort to unorthodox recruitment techniques because they do not compete for students in the obvious way of offering higher salaries. Companies large and small stick to industry norms. They cannot afford to break away because the pay differentials in Japanese companies are small in comparison with the West – so extra payments to graduates would upset existing staff.

Mr Maeda says that the worst offenders among overzealous recruiters are second-rank companies, especially financial groups. These companies know that, given a free choice, the best students will try to enter a first-rank bank or securities house.

Like other Japanese employers, unscrupulous companies concentrate their efforts on the top universities, including Tokyo, Kyoto and Osaka. Mr Maeda says the entrance exams to these colleges are so difficult that companies believe the work of sorting out the best students is already done.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday September 21 1988

INSIDE

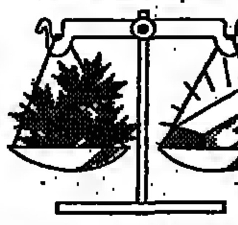
Elsevier branches out again

In choosing a publishing career over neurosurgery, Mr Pierre Vinken, head of the Dutch publishing group Elsevier, changed the face of international scientific publishing. His strategic alliance with the diversified UK group Pearson has been seen as a master stroke that combines surgical precision and creative flair. Laura Raun looks at the overseas expansion ambitions of this budding publishing giant. **Page 26**

French keep smelling sweet in hot talc battle

They all insist it is a friendly takeover battle, but bidding for Talcs de Luzenac, Europe's leading producer of talc, has intensified with Borax Francais, the French subsidiary of Rio Tinto Zinc, announcing plans to raise its 18 per cent shareholding with a full bid for the group soon. Rival bidder and international competitor Cidem holds a 25 per cent stake in the talc maker, but the two companies are stressing the friendliness of the contest in order to appease a key player in the game, the French Finance Ministry. **Page 26**

Inco creates own gold rush



Inco, the world's largest nickel producer, may have missed the gold rush in northern Ontario, but it has been more than preoccupied with its own gold mining activities in north-western Quebec. Inco Gold's Casa Berardi mine, officially opened last week, is expected to produce 60,000 ounces of gold in its first year of operation. But it has cost C$76m ($63m) to get into production. Robert Gibbens looks at the difficult birth of Canada's latest gold mine. **Page 46**

Miquel departure upsets the calm at Belhaven

The departure of Mr Raymond Miquel (left) as chief executive of Belhaven has prompted some speculation that parts of the British brewing and restaurant group may be up for sale. The seeds of the present discord in the Belhaven camp may have been sown in last year's ambitious takeover of a UK restaurant chain. Lisa Wood in London profiles this dedicated sportsman and workaholic who demanded the same commitment from his staff. **Page 31**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
MAN	211.2	+	4.8
Degussa	375	+	7
Kaufhof	383.5	+	6.5
Volkswagen	293.5	+	3.9
Mannesmann	179	+	2.5
Daimler	285.5	+	3.5
NEW YORK ($)			
Rises			
Georgia Gulf	66⅞	+	2⅞
Schlumberger	34	+	1¾
System Integ.	8	+	⅜
Falls			
Best Buy	60	-	3½
Interco	68⅞	-	7⅞
Time Inc	105⅞	-	7⅛
PARIS (FFr)			
Rises			
Docks De Fr.	1948	+	94
Midi	1440	+	40
Carrefour	2540	+	65
BIC	603	+	29
Falls			
BP France	60	-	2
Michelin	185.2	-	4.8
TOKYO (Yen)			
Rises			
Juju Paper	1050	+	65
Hosoka Paper	926	+	100
Dainippon Prt	2730	+	90
Falls			
Nippon Oil	772	-	13
NKK	750	-	13
Sony	6820	-	140

New York prices at 12.30.

LONDON (Pence)			
Rises			
Tr 11¾% '03-07	£114¼	+	⅜
Abbey Life	318½	+	5
Boddingtons	150	+	12
Cable & Wire	372	+	11
Great Nicholsn	210	+	13
Evans Halshaw	320	+	15
Glaxo	518½	+	14
Goldberg (A)	228	+	7½
G.R.E.	188½	+	8
Laporte	411	+	12
Lloyds Bank	300	+	7
Lon & M'chester	258	+	8
Lonrho	297	+	28
Metal Box	228	+	13
Woodleigh	146	+	8
Mucklow (A & J)	175	+	11
Refuge	437	+	22
Rothmans B	426	+	16
STC	265	+	8
Stand. Chart	540	+	15
THORN EMI	636	+	12
Falls			
Clyde Pet.	118	-	10
Enterprise	572	-	5
Local London	406	-	35

KKR in $4.6bn offer for leading US stores chain

By Roderick Oram in New York

KROGER, the second largest US supermarket chain, has received a $58.50 a share buyout proposal from Kohlberg Kravis Roberts that values the group at about $4.6bn.

The offer from KKR, the leading US buyout specialist, came less than 24 hours after Kroger received a vaguely-worded takeover proposal from Dart Group, a retailer controlled by the Haft family which has profited from numerous abortive stock market raids on other retailers in recent years.

In a letter to Kroger's board, Mr Herbert Haft, Dart's chairman, suggested that a merger of his company with Kroger would produce better value to Kroger's shareholders than the recapitalisation the grocery retailer proposed last week.

Under Dart's offer, Kroger shareholders would receive $43 cash and securities in the combined company worth about $12 per Kroger share, Mr Haft said. Kroger said on Monday evening it would examine the offer but it was still actively pursuing its own recapitalisation. It would borrow heavily to pay shareholders $40 cash and securities worth $8 while leaving them with a common share with an estimated value of $7 a share for each current share.

In total, the competing proposals would both be worth about $55 a share, valuing the company at $4.3bn, depending on how the market valued the newly-issued securities compared with KKR's $58.50 cash offer. Kroger's shares closed up $1⅝ at $52⅝ on Monday but slipped $⅛ to $52½ shortly after the KKR news broke. The stock had soared $11¾ to $51¼ when Kroger announced last Tuesday it was studying a recapitalisation.

Kroger said its restructuring, designed to enhance shareholders' value, was prompted by a wave of takeovers in the supermarket industry and by news that the Hafts had received regulatory approval to buy shares in Kroger.

The Hafts have profited from building stakes or launching takeovers of some nine retailers in the past four years, including major companies such as Dayton Hudson. They have never consummated a deal, profiting instead from selling the targets' stock.

Moreover, they have received permission to accumulate shares in other retailers such as Woolworth without buying any stock.

Edelman behind raid on Lonrho

By David Waller in London and Anatole Kaletsky in New York

MR ASHER Edelman, a New York-based corporate raider, was identified yesterday as the recent mystery buyer of shares in Lonrho, the UK conglomerate led by Mr Tiny Rowland. According to Lonrho, Mr Edelman has accumulated at least 3.79 per cent of the company, and is still buying.

The disclosure drove the Lonrho share price up 28p to reach 297p in after-hours trading, at which level the company is capitalised at in excess of £1.3bn. The market was convinced that Mr Edelman's true holding was in excess of the 17m shares identified by Lonrho and nearer 22m, or just under five per cent. The average buying price was thought to be 250p a share.

Mr Edelman declined to answer questions yesterday. He has played a key role in pressuring several US companies into leveraged buyouts, white knight mergers and other financial restructurings. Mr Edelman and the investors who have backed him have usually, though not invariably, reaped substantial profits in the process.

However, his record in consummating deals or making good on threats of takeover is patchy. His most recent deal, a $2.8bn (£1.6bn) bid for Centel, a telephone and power company, announced in June was a failure. The company's management won a proxy fight and was able to buy back the raider's stake, yielding Mr Edelman no profit.

Lonrho first noticed what it termed unusually high turnover in its shares at the beginning of August. Since then, the shares have risen from about 230p and outperformed the market by 20 per cent, buoyed by continuous buying handled by two London firms of stockbrokers for a Swiss bank, named yesterday as the Geneva-based Hentsch & Cie.

Mr Paul Spicer, a Lonrho director, said yesterday the company had tied the share-buying to one purchaser and had sought to flush out his identity under Section 212 of the Companies Act.

Lonrho was told of Mr Edelman's interest only yesterday afternoon. Mr Edelman is under no obligation to disclose a holding to the public until it goes beyond 5 per cent.

Lonrho has been a perennial subject of bid speculation. Its interests include the VAG motor distributor in the UK, the Princess international hotel chain and the Observer newspaper in the UK and international mining. Analysts believe the company could have a break-up value of 500p a share, although a hostile takeover could prove difficult given Mr Rowland's 16 per cent stake and the fierce loyalty he commands among Lonrho's small shareholders.

Mr Spicer said yesterday that Mr Rowland was "relaxed" about the situation.

Mr Edelman went into the corporate takeover and raiding business for himself in the mid-1960s. Despite widely publicised problems in running Datapoint and Mohawk Data Sciences, two medium-sized electronics companies that he bought in 1985, Mr Edelman steadily expanded his deal-making ambitions.

Donnay battle ends in victory for Tapie

By William Dawkins in Brussels

THE month-long legal and political battle for control of Donnay, the bankrupt Belgian producer of world famous tennis rackets, yesterday ended with a victory for Mr Bernard Tapie, the French entrepreneur.

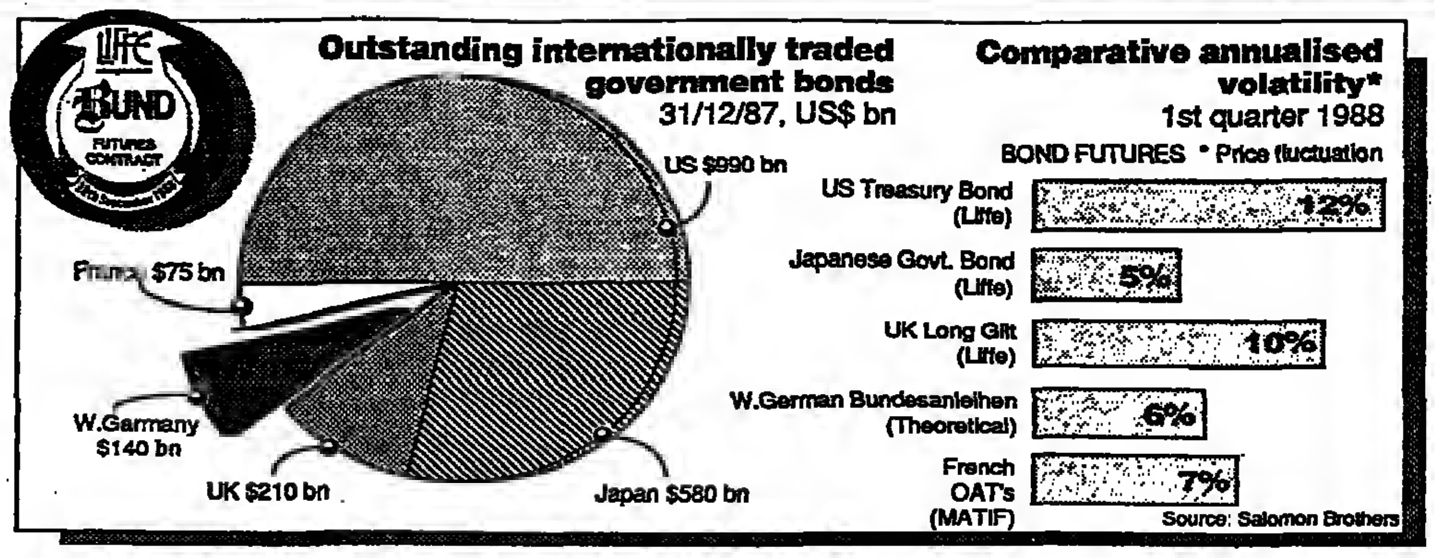
The receivers of the Couvin-based business, best known for its contracts with Swedish tennis star Bjorn Borg, yesterday gave the go-ahead for acceptance of an offer from a consortium led by Mr Tapie worth a minimum of BFr260m ($6.6m), increased from the BFr200m the Frenchman was offering when Donnay collapsed a month ago. The package is made up of a BFr200m basic purchase price, plus a one per cent royalty on sales to paid over the next four years, subject to a guaranteed minimum of BFr60m.

Mr Tapie's bid has the support of the Walloon Regional Government, which will take 29 per cent of Donnay, and Belgian financier Mr Albert Frere, who will hold 20 per cent. The remaining 51 per cent will be held by Groupe Bernard Tapie. Among other conditions, Mr Tapie has undertaken to maintain 200 of the sports company's 350 jobs and to continue trading under the Donnay marque for four years.

The regional government gave its blessing to Mr Tapie's first offer earlier this month, but Donnay's receivers rejected the rescue bid, only to accept a lower offer worth BFr150m from a group led by Mr Jean-Jacques Frey, another French businessman.

But a commercial court ordered the receivers to look for a higher offer from among more than six rival groups interested in Donnay. The other main contender was a Swiss-backed consortium led by City 7, a communications and marketing group, rejected by the receivers yesterday on the grounds that it had "an insufficient financial structure," according to the Walloon Regional Government. Yesterday's deal also allows Mr Patrick De Puydt, once part of the Frey consortium, to buy the regional government's stake after three years.

Mr Bernard Anselme, economics minister for the regional government, yesterday greeted the receivers' decision "with profound satisfaction." He added: "This proposal has been retained because, apart from the number of jobs it provides, it responds best to the needs of the region: the maintenance of sports goods production at Couvin, as well as the survival of the Donnay marque and research and development into new materials in the sector."



Liffe hijacks the Bund-wagon

Haig Simonian examines the growing friction between London and promoters of Frankfurt's planned financial futures exchange

THE MONTHS of preparation are almost over. A week tomorrow, the London International Financial Futures Exchange (Liffe) will launch its long-awaited futures contract on West German government bonds, known as Bunds.

While Liffe's officials are keeping their fingers crossed for a successful start, some of those behind the nascent Deutsche Termin Boerse (DTB), Germany's planned new financial futures and options exchange, are treating the new contract as though it threatens Germany's very existence as a financial centre.

Such hyperbole probably does neither side any good. But the fact that the competition between the two exchanges has reached such proportions well over a year before the DTB even opens its doors says much about the current tensions between competing European financial centres and the need to jump on financial bandwagons in time.

No one doubts the importance of the Bund bandwagon. German government securities are one of the world's biggest debt markets, and one which has grown in importance over the years thanks to the strength of the Deutschemark and the rising share of DM-denominated paper in international investors' portfolios.

Yet, despite its importance, the market still lacks a hedging instrument, unlike US and Japanese Treasury bonds, UK gilts or even French government securities.

All that will change with Liffe's new contract. Exchange officials are wary of giving forecasts, but dealers are hoping for a minimum volume of 2,000 contracts a day. "Anything over 2,500 a day will be a success," says one. Some are even talking more optimistically about 5,000.

But there is more than Liffe's self-esteem riding on the new venture. If it is a flop, there will be no lack of German pundits claiming they knew from the start it never had any chance of success.

Split a futures product from its underlying cash market, and all one can expect is failure, they argue. Hence the attention drawn earlier this year by Mr Rolf Breuer, a board member of Deutsche Bank and a key force behind the DTB, to Liffe's Japanese government bond futures contract, which it had launched with only minimal success, he claimed.

But if Liffe's new venture takes off, some senior German bankers could be left with egg on their faces. Their opposition to Liffe's scheme is understandable: apart from the head-on challenge to the DTB, Mr Breuer, along with others, is concerned that a successful Bund futures contract in London might eventually attract underlying cash business away from Germany as well.

Such fears may be well grounded. German tax hurdles and trading barriers in equities, such as the ban on going short — selling shares that have not yet been purchased — have encouraged the emergence of a lively London-based cash market in recent years.

Hence Mr Breuer's comment earlier this year that Deutsche Bank would not trade the Bund contract on Liffe. And there have been other attempts to play down London's role in areas of German finance, such as equities.

But there have recently been signs that the DTB's response to Liffe has sharpened up, as the start of trading approaches.

The DTB's backers have adopted a twin-track approach. First, they have made some changes to the DTB itself — or at least its list of priorities. Originally conceived as a market which would kick off with equity options and only then trade other products, Bund futures have now been moved up the agenda.

Greater emphasis has also been put on presenting the DTB as a going concern. Its backers are already talking about the measures banks will have to take to prepare for trading on the new exchange, although it is not due to open until the end of next year and changes to Germany's stock exchange law still have to pass through the federal parliament.

At an options conference in Frankfurt earlier this month, Mr Breuer predicted members would have to invest some DM60m ($32m) — roughly as much as it will cost to get the DTB itself off the ground — in their own new trading facilities.

A firm timetable has also been drawn up. Hardware to trade on the computer-based market will have to be ordered by next January, while members' back offices should be installed by July 1989, paving the way to a formal start in December 1989.

The determination to strengthen the DTB's defences against this month's onslaught from Liffe is impressive — if not slightly breathtaking considering that political action is still required. All manner of political mischief-making could still impede the legislative timetable, despite the government's commitment to pass the necessary changes in time.

However, the DTB's second tack — raising the competitive temperature with Liffe and sometimes emphasising the nationalistic side — may be playing with fire.

Stressing competition with London and the long-run threat to Frankfurt has some advantages. It may encourage the politicians to pass the necessary legislation with the minimum fuss. And one unexpected side effect has been to raise public awareness of the DTB itself. Not all the coverage has been favourable, but many more Germans probably know about the DTB since Liffe came on the scene than would have been the case otherwise.

Raising the competitive stakes, however, could prove embarrassing if Liffe's contract turns out to be a winner. Stressing confrontation could look rather foolish then, and probably contribute to the impression that German banks have missed the boat. In addition, reversing a widely-reported decision not to trade Bunds on Liffe would be a big embarrassment for Deutsche Bank.

So it is interesting that not all German banks have treated the issue in such confrontational terms. "I don't share the view that if a contract is established in London we'll lose it forever. One must remember where the underlying cash business is," said Mr Gerhard Eberstadt, a deputy member of Dresdner Bank's managing board, earlier this month.

Dresdner Bank is by far the most active of the three German banks which already have seats on Liffe. While it is also one of the handful of institutions behind the DTB, senior executives have made no bones about their willingness to trade Bunds on Liffe once possible. Westdeutsche Landesbank, which also has a Liffe seat, may be gearing up too. Other German banks may be more bashful, but UK futures brokers claim they have seen considerable interest in trading through intermediaries.

Thus the DTB may have more to gain from a more subtle approach to the challenge from Liffe. If the London contract sinks without trace, the DTB's supporters will have lost nothing. And if it succeeds, association with a popular and forward-looking product may reflect glory on the DTB itself.

Clyde pays $234m for Dutch assets

By Ray Bashford in London

CLYDE Petroleum, the independent UK oil company, is spending $234.3m to buy the oil and gas interests in the Netherlands of Newmont Mining, the debt-laden US group. Clyde will fund the deal through a three-for-four rights issue.

The acquisition is in line with Clyde's strategy of expanding its international acreage. It will mean an increase of about 46 per cent in its proven reserves and 76 per cent in its proven producing reserves. The Newmont acreage consists mainly of gas fields and Clyde said the deal would improve the company's balance between oil and gas.

It would also boost production to more than 20,000 b/d of oil and oil equivalent for an "extended period into the 1990s", compared with the average of 13,323 b/d achieved during the first half of the current year.

For Newmont, the sale is a continuation of its policy of selling off non-core assets to reduce the debt it built up last year in fighting off a bid led by Mr T Boone Pickens, the corporate raider.

Clyde's rights issue will raise £121.1m after expenses. The shares are being issued at 100p, compared with yesterday's closing price of 118p, down 10p.

The deal involves working interests in 12 offshore licences and a wide range of prospective exploration acreages.

Clyde yesterday also reported pre-tax profits of £2.7m for the six months to June 30, against £3.1m for the corresponding period last year.

The directors said that the results were adversely affected by weak oil prices and a strong pound, which combined to offset a 16 per cent increase in daily production.

Bold bid for growth, Page 30. Lex, Page 22

Interco considers asset sale in takeover defence

By Rodsrick Oram in Naw York

INTERCO, THE largest US furniture and footwear maker, hopes to thwart a hostile takeover by paying its shareholders large special dividends funded by heavy borrowing and the sale of several key businesses.

In a change of policy, it said it was considering selling Ethan Allen, an up-market furniture operation which analysts believe would command a premium price. The valne is hard to estimate, however, as the company does not publish separate figures for it.

Interco said earlier it would retain as its core husinesses furniture, which earned operating profits of $149.1m on revenues of $1.1bn last year, and footwear.

Putting Ethan Allen, a key part of its furniture operations, on the block is a tactic apparently aimed at the Rales brothers. Washington DC investors who have begun a $70 a share tender offer valuing interco at $2.5bn.

Under certain conditions they would increase the offer to $72 a share.

In a regulatory filing, the Rales, who have an 8.7 per cent stake in interco, said they would sell its clothing, retailing and footwear hnsinesses and retain only its furniture operations. They control Danaher, an automotive components maker, and recently acquired Yield House, a furniture maker.

Interco yesterday rejected the Rales' offer, saying its own restructuring and recapitalisation plans would give shareholders better value.

As a first step it will pay out $14 cash and $11 in junk bonds for each common share. It then plans further unspecified payments of cash and securities or share buybacks over the next 18 months as assets are sold.

Mr Harvey Saligman, chairman, said: "We think the programme should have a fully distributed value to shareholders of at least $76 a share."

To fund the distribution, the company will borrow $2.03bn from a group of banks. As part of its agreement with its lenders, it will raise at least $1.15bn after-tax from the sale of its apparel manufacturing group and other assets.

Group bids $1.3bn for Lafarge Coppée unit

By Our New York Staff

LAFARGE, a leading US building materials group majority owned by Lafarge Coppée of France, has received a $30 per share takeover offer from a group of investors, valuing the company at about $1.3bn.

The approach was made yesterday by Mr Larry Orbe, a lawyer with the New York law firm of Adler Hindy Turner & Glasser. He declined to identify the group but said several members had a "high degree of operating experience" in the cement industry. Together they hold less than 5 per cent of Lafarge stock, which rose $1¾ to $19¾ after the terse announcement.

Lafarge rapidly rejected the offer, saying it had no interest in being acquired.

Earlier this month the investor group, which has yet to receive financial backing for the bid although it was highly confident it could get it, offered to buy Lafarge Coppée's 58 per cent holding for the same price. The French company turned it down.

Mr Orbe said the group had had only "very skimpy" contact with the French parent before its offer was rejected. The group, believing the US company was worth far more than its current share price, hoped to interest its management in a leveraged buyout.

The building materials sector has attracted considerable Wall Street interest this year because of a number of bids. Offers have included those for Koppers by Beazer of the UK, for Moore McCormack Resources by Sonthdown of the US, for CalMat by Brierley Investments of New Zealand and for the 43 per cent minority of CertainTeed not already owned by Saint-Gobain of France.

Lafarge, based in the Washington suburb of Reston, is one of the largest cement producers in North America with 14.5m tonnes of annual capacity, and is also a leading supplier of concrete and aggregates.

It was formed in 1983 as a holding company for the French parent's main North American assets, including Canada Cement Lafarge and General Portland of the US.

Minorco divestments boost income

By Our Johannesburg and Financial Staff

MINORCO, the overseas arm of South Africa's Anglo American mining house, yesterday reported a surge in profits for the year to June, on the back of divestments which it disclosed had amassed a cash hoard of nearly $900m.

This came amid intense speculation in London and Johannesburg that the Luxembourg incorporated Minorco might be planning a bid for Consolidated Gold Fields, the UK resources group in which it already owns just under 30 per cent.

Minorco is believed to be attracted by Gold Fields' North American and Australian mining interests. In yesterday's results – which showed attributable profits of $774.7m against just $122m – it acknowledged an "objective of becoming a world leader in natural resources."

Johannesburg stockbrokers believe Gold Fields will soon announce the sale of its remaining interest in Gold Fields of South Africa (GFSA), its local associate. The British group has already started to rednce its direct interest in South African gold mines with the sale of shares in Driefontein Consolidated.

Gold Fields executives fear, however, that a sale of GFSA could be followed by a bid for control of their company by Minorco.

GFSA is 20 per cent owned by Gold Fields and 10 per cent by Rembrandt, Dr Anton Rupert's tobacco-based multinational. The two stakes are held through a joint vehicle company, and Rembrandt has the right to buy Gold Fields' stake should the UK group decide to sell.

Rembrandt acquired the interest in July last year in a transaction designed to protect GFSA, which itself then was under threat from a possible bid by Anglo American. In Johannesburg it is now believed Rembrandt's next deal could be the acquisition of a greater interest in GFSA.

This would follow the current move to hive off Rembrandt's foreign interests. Shares in Rembrandt and its other group companies were suspended yesterday ahead of the publication on Friday of the prospectus for Compagnie Financière Richemont (CFR), the new Swiss holding company for the non-South African involvements.

According to Mr Joshua Malherbe, of Rand Merchant Bank (RMB), the principal local bank handling Rembrandt's restructuring, the suspension at the company's request was unconnected with rumours that Rembrandt might be planning a bid for control of GFSA.

Richemont, which is to have a Luxembourg listing, will have as its main assets a one-third stake in Rothmans International, the British tobacco group, and 20 per cent of TransAtlantic Insurance Holdings, which is a key shareholder in Sun Life of the UK.

Oslo acts on troubled bank

By Karen Foasli in Oslo

SUNNMOERSBANKEN, the troubled Norwegian commercial bank, was yesterday effectively placed under the administration of the Banking, Securities, Insurance and Exchange Commission until its fate can be determined.

Oo Monday, Norway's central bank and the Guarantee Fund of the Commercial Banks intervened as lenders of last resort to the bank, which is expected to become insolvent this year. Despite preparations underway by the commissioo to replace Sunnmoersbanken's board and executive staff, the latter continued yesterday to seek a capital injection to secure the bank's revival.

The commission was then forced to issue a terse notice which stated that proposals are to be made tomorrow to Sunnmoersbanken's supervisory board which could include:

- Write-offs of the bank's share capital of NKr210m ($30.4m).
- Reaffirmatioo that a new board would be appointed comprising representatives from the central bank, the Guarantee Fund and members of Norway's banking community and to be headed by an independent person who has no connections with the bank.
- Recommendations by the supervisory board for members of the new hoard to be approved by the commission.
- Any decisions taken by the new board to be approved by the commission.
- The new board's main task to be to determine how the bank's activities would be wound down.
- In the interim period, until the new board is appointed, the bank to continue operations with the guarantees from the central bank and the Guarantee Fund of the Commercial Banks as lenders of last resort.

Pillsbury edges ahead to $57m

By Our Financial Staff

PILLSBURY, the US group which owns the Burger King fast-food chain, yesterday reported a slight rise in first-quarter operating net profits from $56.8m or 66 cents a share to $57.4m or 67 cents.

The latest quarter, which ended on August 31, excludes a gain of $14m or 16 cents a share from a change in accounting for income taxes.

Sales edged up from $1.46bn to $1.48bn, but Pillsbury, which is spending heavily to reverse negative sales trends in its restaurant operations, said it expected sales to improve over the balance of the year.

The group's restaurants reported a drop in operating profit to $48.7m in the latest quarter, from $73.5m in the same period a year ago. Sales declined 7 per cent to $855m.

During the quarter, a reinvestment programme was initiated to improve service and upgrade restaurants. This accounted for about 40 per cent of the profit decline, Pillsbury said.

The drop in restaurant sales reflected the company's decision last year to sell several marginal restaurant chains, including Godfather's Pizza – sold this week in a management buyout – and a number of underperforming full service units.

At Burger King, systemwide comparable restaurant sales declined almost 3 per cent. Comparable sales at Steak and Ale rose 3 per cent, the first increase in four years.

Bennigan's comparable sales declined 4 per cent for the quarter, but are improving in response to improved service.

Abitibi to lift price of newsprint

By Robert Gibbens in Montreal

ABITIBI-PRICE, Canada's largest newsprint producer, has warned customers that it plans to raise newsprint prices by almost 7 per cent on January 1 1989.

This would bring the posted price for 30-pound basis weight standard newsprint to US$695 a tonne, up from the $650 set on July 1 this year. The new prices apply to the north-eastern US market.

This will be the third increase since the beginning of the year. The industry expects Abitibi's lead will be followed by most North American producers.

Kruger, one of Canada's leading newsprint producers, has reached agreement with papermakers at its Corner Brook mill in Newfoundland. Early ratification is expected.

Doman Industries, the Vancouver-based lumber group, has started talking to potential bidders. But management says any takeover proposal must treat the public stockholders in the same way as the family-held controlling group.

Consolidated-Bathurst, the big pulp and paper and packaging group 40 per cent owned by Power Corporation of Canada, will take a one-third interest in a bleached chemi-thermo-mechanical pulp mill in Argentina.

Imperial Oil to shed Canadian mining offshoot

By David Owen in Toronto

IMPERIAL OIL, Exxon's Canadian subsidiary, is to sell Esso Minerals Canada, its Vancouver-based mining unit.

The move is intended to allow Imperial to increase its focus on its eoergy operations. The company has made three receot oil and gas-related acquisitions. The main asset held by Esso Minerals is a 35 per ceot interest in Quebec's Selbaie zinc and copper mine.

Schlumberger cuts capital base with share buyback

By James Buchan in New York

SCHLUMBERGER, the oilfield services group that was once one of the fastest-growing companies in the US, has announced it is to reduce sharply its capital base in response to the continued recession in the US oil and gas business.

In a clear suggestion that the company sees no immediate hope of an industry recovery, Schlumberger will spend almost all of the cash hoard it built up in the boom years of the 1970s and early 1980s by buying back shares.

The New York company, which is the world's largest provider of oilfield services, said it was offering to buy in 30m of its shares, or 11 per cent of its outstanding stock, at a cost which could exceed $1bn.

Under the terms of the Dutch auction proposal, the company will invite holders to tender stock at prices ranging from $32.50 to $37 a share.

Polaroid rejects improved Shamrock Holdings offer

By Our Financial Staff

POLAROID, the US instant photography group, has rejected a sweetened $42 a share bid by Mr Roy Disney's Shamrock Holdings and says it expects to continue previous negotiations with unidentified third parties on a sale of a minority, non-controlling stake in the company.

In a filing with the US Securities and Exchange Commission, Polaroid said that before rejecting Shamrock's offer it held "preliminary negotiations" with third parties regarding issuance of Polaroid preferred stock or other equity securities representing a minority interest in the company.

Polaroid said its previous negotiations also included financing for a possible self-tender offer, recapitalisation, or changes in current capitalisation and dividend policy.

"The previously commenced negotiations are expected to continue and discussions with other parties may commence."

None of the transactions and proposals currently under discussion with third parties would include a merger or other change of control or cause the company to cease to be an independent corporation.

Polaroid told the SEC there could be no assurance it would authorise any alternative to the Shamrock bid.

Management buyout at SII agreed

By Louise Kehoe in San Francisco

SYSTEM INTEGRATORS, the California computerised publishing systems company, said yesterday it had agreed to be acquired in a management buyout headed by Mr Alden Edwards, president, for about $115m.

Mr James Lennane, chairman of Systems Integrators, agreed to sell his 43 per cent holding in the company for about $9 per share, or $46m. Other shareholders will receive $10 per share.

Mr Lennane had earlier offered up to $8 per share to acquire all of the company's stock.

INTERNATIONAL COMPANIES AND FINANCE

Elsevier chairman shows his surgical skills

Laura Raun on the neurosurgeon turned publisher who forged a deal with Pearson

When Mr Pierre Vinken was forced to choose between neurosurgery and publishing he chose the latter. Now he is chairman of Elsevier, the big Dutch publisher, and runs the company with an uncanny combination of surgical precision and creative flair.

A master stroks was seen last week when he forged a strategic alliance with Pearson, the diversified UK group that owns the Financial Times. Pearson's financial publications complement Elsevier's scientific, trade and consumer ones while hedging the Dutch company's heavy reliance on the scientific journals.

Elsevier is the world's leading publisher of scientific journals and a highly profitable, international and aggressive group. It is headed by a brilliant chairman who intends to see his company survive – in ons form or another – as one of the 10 media giants of the future.

Mr Vinken has long considered international mergers as the only way to ensure that survival and he clearly hopes that last week's share swap will eventually lead to a marriage with Pearson.

Under the deal Elsevier took an 8.7 per cent stake in the enlarged share capital of Pearson, while the UK group took a 15.4 per cent stake in Elsevier's enlarged capital.

Mr Vinken said: "The strategic logic is so compelling it has been there for years."

Then why didn't the couple get engaged sooner? He replied: "Pearson slowly got acquainted – more and more – with Elsevier's strategy. We have been in whole-hearted talks for nearly five years."

As early as 1984 Mr Vinken and Mr Frank Barlow, chief executivs of the Financial Times, began discussing several forms of possible co-operation between the two. One concrete idea was the "Greek temple" of financial newspapers in which the FT would sit atop "pillars" of national publications in various countries.

Talks of jointly buying financial dailies in several European countries ended when the FT moved alone in France and Spain. Other ideas included collaboration in medical and professional publications.

At one point Pearson mooted the idea of simply taking over Elsevier but Mr Vinken shied away because hs wanted to preserve Elsevier's identity as much as possible.

The spark that finally lit up their hearts was Mr Rupert Murdoch's purchase of Triangle Publications, prompting speculation that he might finance it by selling his 20 per cent stake in Pearson. Mr Vinken was in the mood to buy the shares if both they and suitable financing were available but first he sought Pearson's blessing.

Lord Blakenham, chairman and chief executive of Pearson, and Mr Vinken agreed that a share swap would be attractive regardless of Mr Murdoch. During a picturesque boat ride on the Thames river last month Mr Vinken realised that he finally was "a member of the family."

Pearson is nearly twice as big as Elsevier, which has sales of Fl 1.47bn ($698m), but both have reason to link arms. Pearson gains a new partner in efforts to build a portfolio of financial newspapers and to collaborate in scientific and US trade journals.

Elsevier sees great promise in Pearson's crown jewels of publishing – the FT and 50 per cent of the Economist.

Takeovers have fuelled growth but astute management has also played a key role

Mr Vinken disputes the assessment in the City of London that the deal is purely a defsnsive move aimsd at thwarting any takeover attempt by Mr Murdoch. He said: "It is a strategic hedge of our most important profit sources and market positions."

The engagement to Pearson comes as no surprise. Mr Vinken, who has been chairman of Elsevier since 1979, has made no secret of his desire to join forces with an English-language publisher. English is the *lingua franca* of science, business and broadcasting.

Pearson was always first choice but when years of frequent contact bore no fruit he turned his attention elsewhere. A merger with Reed International was nearly consummated in February but "one of the partners didn't show up at the altar" and it wasn't Elsevier.

Talks were also held with United Newspapers and East Midland Allied Publishing. Times Mirror of the US was contacted.

Elsevier, which is based in Amsterdam, was founded in 1880. Since World War Two it has grown primarily through acquisitions, notably of NDU, the Dutch newspaper publisher, in 1979. Takeovers in the US have accelerated, especially in trade journals.

Its acquisitive nature catapulted Elsevier into the limelight last year when it launched a hostile takeover bid for Kluwer, a smaller Dutch rival.

Unfriendly acquisitions are virtually unknown in the Netherlands because of strong anti-takeover defences and Kluwer finally ended up in the arms of Wolters Samsom.

Nevertheless Elsevier ended up with a valuable 33 per cent stake in Wolters Kluwer, which specialises in legal, professional and educational publications and has chalked up an impressive profit record as well.

Elsevier's scientific and trade publications account for about 60 per cent of turnover while newspapers, magazines and printing maks up the remaining 40 per cent. Its flagship publications in the Netherlands are the NRC Handelsblad, a quality daily, and Elsevier magazine, which has been plagued by editorial problems.

About 52 per cent of sales are generated in the Netherlands and 20 per cent in the US. The rest is spread around the world. Earnings growth has been explosive, averaging 20 per cent a year for more than two decades. In 1987 profits amounted to Fl 163m.

Takeovsrs naturally heve fuelled growth but astute management has also played a key role. By widening margins, profitability – net income as a percentage of sales – nearly tripled to 11 per cent in 1987 from 4 per cent in 1983.

Mr Vinken, who is 60, joined Elsevier in 1971 when Excerpta Medica, the medical abstracting service he co-founded, was acquired by Elsevier. He chose to give up neurological surgery in favour of publishing because two jobs were simply too much.

In 1979 he took over as chairman of Elsevier and soon set about streamlining the bloated management, removing a layer of staff functions and speeding up communications.

Since then, Mr Vinken has not been afraid to wield the knife when necessary, slicing out unhealthy parts when they seem unlikely to mend. Consumer book publishing was ended in 1986, for example.

For the future, Elsevier expects to continue to produce 20 per cent profit growth in spite of economic austerity that is hitting governments and educational institutions.

Mr Vinken has his instruments lined up for the next operation.

Two friendly rivals bidding for control of Talcs de Luzenac

By Paul Betts in Paris

TALCS de Luzenac, Europe's leading producer of talc, has found itself the object of rival takeover bids from two international groups, both of which are already significant shareholders of the company. However, the French company and the two bidders all insist that the competition is entirely friendly.

The two bidders are Borax Français, the French subsidiary of Rio Tinto Zinc (RTZ), and Cidem, a holding company grouping Kuwaiti financial interests with the French state Bureau de Recherches Geologiques et Minières (BRGM). All parties are stressing the friendliness of the contest in order to appease a key player in the game, the French finance ministry.

In addition, the two bidding companies have friendly relations in other parts of the world and see no reason to provoke an unnecessary upheaval in France over the small, but industrially significant, talc producer.

The contest took a new twist this week with Borax Français announcing plans to make a full bid for Talcs de Luzenac, in which it already holds an 18 per cent stake.

Details of its bid have not been disclosed because the offer must first be cleared by the French Treasury and the bourse regulatory authorities. However, the offer is expected to involve a price of about FFr1,200 a share for all outstanding shares in the French company, valuing it at around FFr750m ($118m).

RTZ decided to enter the contest this week in response to an earlier bid from Cidem, which already controls 25 per cent of Talcs de Luzenac. Cidem offered FFr1,300 a share but only for a further 26 per cent stake in the company to give it majority control. RTZ, advised by Paribas, has opted for a lower share price but has offered to buy all outstanding shares in the company whose management, which owns an 11 per cent stake, has yet to examine the two bids.

Although Talcs de Luzenac is a relatively small company with annual sales of FFr450m and net profits of about FFr35m, RTZ regards it as strategic for its plans to develop its minerals business.

An RTZ executive said yesterday: "It is a company in the white minerals fillers industry. It is well managed. It has sound technology and it is in Europe. It is a field of business we have targeted as an area we feel holds some promise for the future."

RTZ, through its French subsidiary, established links with Talcs de Luzenac last year when it acquired a 10 per cent stake in the French company with the approval of both the management and Cidem, the largest shareholder. RTZ and the French company subsequently agreed to strengthen their ties by increasing Borax Français's stake in the company.

Indeed, RTZ this year acquired Steetley Talc in Canada with a view to developing Talcs de Luzenac's operations. The idea was for the French company to take over the management and ownership of the Canadian talc concern. In exchange, RTZ's French subsidiary would have seen its stake in Talc de Luzenac rise to 25 per cent.

In the meantime, Cidem decided to strengthen its control of the French talc producer with its bid to increase its 25 per cent stake in the company to 51 per cent, prompting RTZ to put in its own bid.

Sanofi lifts interim earnings

By Paul Betts in Paris

SANOFI, the French pharmaceutical group controlled by the Elf-Aquitaine oil group, has reported a significant increase in its first-half consolidated net profits to FFr534m ($84m) from FFr258m in the first six months of last year.

However, the sharp increase reflected a special one-time gain of FFr231m from the sale of an office building in Paris. The company said that, excluding the special gain, consolidated net income would have increased by 25 per cent over the first half of last year.

Consolidated sales in the first half rose by 12.3 per cent to FFr7.2bn compared with FFr6.4bn. The pharmaceutical and health care sector saw sales rise by 8.5 per cent to FFr3.9bn while the bio-industry division had a 16.8 per cent increase in sales to FFr2.7bn. Sales of the perfume and cosmetics businesses rose nearly 19 per cent to FFr511m.

The company said sales in the second half continued to be in line with the first half.

Agie raises sales by 45%

By William Dullforce in Geneva

AGIE, the Swiss machine tool company which experienced a turbulent year in 1987, yesterday reported improved sales and earnings for the first six months of 1988. Consolidated turnover climbed by 45.6 per cent to SFr158m ($100m) while gross earnings rose by 28 per cent to SFr7m.

Agie, the world leader in electrical discharge machining equipment, said it would achieve higher sales this year than its previous best of SFr310m in 1986.

However, cash flow and net earnings, affected by investment needs and the expansion into new activities, would not reach the targets for which the group was aiming.

Head of Postipankki resigns

By Olli Virtanen in Helsinki

POSTIPANKKI, Finland's post office bank, has accepted the resignation of Mr Ilpo Santala, managing director and chief operating officer, following his speculative equity investments which resulted in a paper loss for the bank of about FM100m ($25m).

Mr Santala, during his eight months as managing director, built the bank's equity portfolio up from FM500m to FM2bn. Postipankki aimed to amass a substantial portfolio to match its new status as a commercial bank, which it received at the beginning of this year.

The immediate reason for Mr Santala's departure was the bank's investment in Leipurien Tukku (LT), the wholesale supplier of farming products to Finnish bakeries. Postipankki kept buying LT shares on the Helsinki Stock Exchange (HSE) for the best part of the summer, boosting its share price.

Postipankki's total investment in LT amounted to FM500m with the bank's holding reaching 33 per cent. It was understood that the bank attempted to make a takeover. As the attempt turned futile, share prices nosedived and the value of Postipankki's shares in LT fell about FM100m.

To avoid realising the loss, Postipankki and other major shareholders in LT transferred their holdings to a newly-formed company, Orbit, which plans to apply for a listing on the HSE.

Mr Seppo Lindblom, chairman and chief executive of Postipankki, yesterday said that the bank had not suffered any losses since no shares had been sold.

Mr Santala's controversial activities on Finland's capital markets clashed with the traditions of the state-controlled bank.

INTERNATIONAL COMPANIES AND FINANCE

Pressure on Bank Leumi board to resign

By Eric Silver in Jerusalem

THE ENTIRE board of Bank Leumi, Israel's second biggest bank, is expected to be replaced within the next fortnight.

This follows pressure by Professor Michael Bruno, governor of the Bank of Israel, the country's central bank. Leumi has been in disarray for months, with the board unable to take decisions and credibility rapidly disintegrating.

The trouble dates back to 1983 in which thousands of small investors lost their savings. Leumi and three other major banks were found to have manipulated the market in their own shares, which crashed when investors panicked and started switching to foreign currency.

Mr Ernest Japhet, Leumi chairman, and 22 of his top executives were forced to resign. The scandal was revived in January last year when it was disclosed that Mr Japhet had received severance pay worth $4.4m and a pension of $30,000 a month while the others were given similar payments. These were condemned as excessive.

Leumi, which has branches in London, New York and other centres, was founded early this century as the financial arm of the Zionist movement. It is controlled by a dormant public body known as the Jewish Colonial Trust, which appoints all directors except two outsiders who represent the wider public interest.

One of these, Dr Shimon Shetreet, a law professor and aspiring Labour politician, insisted that Mr Meir Heth, Leumi's new chairman, should reduce the compensation terms unilaterally without waiting for the matter to be judged by the courts. Mr Heth refused, and the two have since been at each other's throats.

Last week the Bank of Israel intervened and urged the Leumi board to resign. When this failed, Prof Bruno appealed to the Colonial Trust to dismiss the directors. Dr Shetreet, who is not subject to the parent company's orders, refused to quit.

On Monday, however, the trust demanded that the Leumi directors "terminate their period in office," and indicated that it would remove any who hung on for more than two weeks. The trust helped them save face by adding that each of them was "qualified to be a member of a bank board in the future."

The signs yesterday were that the official directors, including the chairman, would go quietly – and that, with honour satisfied, Dr Shetreet would soon follow.

Dickson share issue

DICKSON Concepts, a Hong Kong wholesale and retail company, plans a share issue to raise HK$234m (US$30m), AP-DJ reports.

It will offer 29m new shares and 10m existing shares at a price to be fixed later this month but estimated at HK$6. Proceeds would be used to retire debt and finance development.

Bond's gold group goes BIG on dividends

Kenneth Gooding on progress at a resources company since its $306m flotation

ONLY a collapse in the gold price would prevent Bond International Gold from paying a dividend this financial year, says Mr Alan Birchmore, the chief executive.

Nearly half of BIG was floated on the New York Stock Exchange in August by Dallhold, Mr Alan Bond's family company, to raise US$306m, making it the biggest-ever gold issue.

Mr Bond, the Australian entrepreneur whose interests encompass brewing, media and property, brought together his gold mining interests in Australia, North America and Chile in BIG.

The flotation was relatively well supported in the US but European institutional investors gave it the cold shoulder and the issue price was twice reduced.

European disfavour was caused partly by dull market conditions, partly because of the pricing and partly because investment institutions had become disenchanted with Mr Bond.

In particular, they pointed to the fact that Mr Bond's North Kalgurli Mines company had mounted three rights issues in two years. One investment manager described this as "a reverse dividend policy – instead of paying shareholders a dividend every six months, he asks shareholders to contribute more through a rights issue."

However, according to Mr Birchmore: "The idea of Bond Gold paying a dividend from the outset is important to us. We want to be known as a gold company which pays a dividend."

He also counters fears that shareholders will be called on for further funds to help finance a capital expenditure programme of US$275m next year and $124m in 1990.

"We don't see the need for any rights issue," he insists. "And we are comfortable with the working capital we've got."

BIG is on the point of signing a $100m loan facility with Bank of Nova Scotia to provide the cash for development of its Bullfrog mine in Nevada, its principal asset in the US, which is due to start producing an annual 220,000 troy ounces of gold next year.

Birchmore: "We don't see need for a rights issue"

Mr Birchmore says BIG will draw down the money on completion of the mine and mill in October next year, almost certainly in the form of a gold loan which would attract interest of about 2.5 per cent. However, the company has the option of a US dollar loan instead and to pay interest slightly above London interbank offered rate (Libor).

He also points out that BIG has already financed, from its own resources, developments at the Richmond Hill, Dakota, and Gold Patricia, Ontario, mines costing $40m.

Mr Birchmore, for 12 years a close associate of Mr Bond, claims in passing that the North Kalgurli rights issues helped an expansion of that company which will be of immense value to shareholders.

Gold output attributable to BIG in the year to June totalled about 343,000 ounces and this is expected to more than double to 743,000 ounces in the current year.

The company has sold forward about 24 per cent of its potential gold output, says Mr Birchmore. He suggests the company will eventually settle on a policy of protecting its forward cash commitments by selling gold forward. This would leave a considerable proportion of future production unhedged "and give the investor the chance to take his own position on the future gold price."

The group's major gold producer is the El Indio mine in Chile in which BIG has an 83 per cent shareholding. Mr Birchmore says that a substantial discount was placed on the Chilean assets during the flotation to take account of the political risk of mining in that country.

But BIG has been able to take out political risk insurance at Lloyd's of London for a premium of only 1 per cent, an indication that Chile was more amenable to the interests of foreign mining companies than some other South American countries.

Mr Birchmore, who is based in London, says BIG's policy is to be a low-cost, major gold producer. The aim is to reduce the average cash cost of production from $233 an ounce to below $200 – "our only protection in a volatile market." The group will also limit the number of mines under its control while expanding the amount of gold produced so it is unlikely to keep an interest in any mine with an output below 50,000 ounces a year.

Mr Birchmore predicts that, as these policies pay off in the form of earnings rises, European investors will eventually change their attitude and warm to BIG.

Santos bids A$448m for North Broken Hill offshoot

By Chris Sherwell in Sydney

SANTOS, the Adelaide-based onshore oil and gas producer, yesterday launched a A$448m (US$352.9m) bid for Peko Oil, which is 54 per cent owned by the North Broken Hill resources group, in an attempt to expand its petroleum interests offshore and internationally.

The A$1.80 per share offer will initially be financed through borrowings, but Santos said a rights issue, conditional on the bid's success, would cover half the potential cost.

Santos holds 3.6 per cent of Peko Oil, and says the proposed share issue, which is underwritten, would be triggered once it receives acceptances from holders of 54 per cent of Peko's shares – meaning North Broken Hill.

The share issue would be one-for-four at A$3.20. If holders of all Peko's shares accept, Santos would issue a maximum of 80.7m shares, raising A$258m.

The acquisition of Peko Oil would bring Santos nearer its objective of developing as a more broadly based international oil and gas company.

Peko's interests in the Timor Sea off north-western Australia – regarded as Australia's best oil prospect since the Bass Strait – and its international interests in the UK, the US, the Netherlands and Indonesia would provide a significant increase in Santos's oil production in the 1990s.

In 1987, Santos was entitled to production of 8.8m barrels of oil and had reserves of about 40m barrels.

"Some 60 per cent of the group's revenues come from gas, condensate and liquid petroleum gas production.

The offer price is significantly above both Monday's closing price for Peko of A$1.20 and the average A$1.37 price Santos paid for its present holding.

The takeover proposal, it said, indicated the group's confidence in the long-term future of the industry.

In seeking to fund the acquisition with a mixture of new equity and loans, the group said it would mean existing cash flow would be available for its established programmes.

Its two largest shareholders are the Elders group and the Australian Gas Light Company, but South Australian state government legislation limits individual shareholdings to a maximum of 15 per cent.

Gold and coal lift income 32% at Pancontinental

By Our Sydney Correspondent

GOLD and coal were the main contributors to improved profits reported yesterday by Pancontinental Mining, the Australian resources group, which lifted net earnings 32 per cent to A$28.3m (US$22.3m) for the year to June on sales of A$134.2m, up 7.5 per cent.

Gold production expanded to 100,305 ounces, breaching the 100,000 ounce mark for the first time. Most of the output came from the Paddington mine in Western Australia. From early next year the company will share in the output of the Croydon mine, in which it has a one-third interest.

Coal's contribution came from the group's 5 per cent stake in the profitable Central Queensland and Gregory joint ventures producing coking coal for export. But there was little improvement on the previous year because of weak prices and a strengthening Australian dollar.

Mr Tony Grey, chairman, said feasibility studies would be completed soon in relation to development of the Thalanga and Lady Loretta base metals deposits in Queensland, of tantalum reserves identified in Western Australia and magnesite deposits in Queensland.

Pancontinental is also involved in a gold project in the West African state of Guinea, along with Union Minière of Belgium, which is a 10 per cent shareholder in Pancontinental and has long been involved in Africa.

Pancontinental has sought to diversify its mining interests since development of its Jabiluka uranium deposit in the Northern Territory was thwarted by a change in government policy five years ago limiting the number of Australian uranium mines to three.

Mr Grey remains strongly critical of the Government's policy, and yesterday urged it to proceed with its planned review and make the necessary changes to allow the country to participate in the expected upturn of the market forecast for the 1990s. He said a decision from the Government was needed within 12 months.

Paringa Mining to resist takeover

PARINGA MINING, the UK-incorporated Australian gold company, is to resist a takeover attempt launched on Monday by North Flinders Mines, Reuter reports from Melbourne.

Paringa, which owns 49.9 per cent of North Flinders, also wants the North Flinders board reconstituted, according to Paringa legal advisers.

North Flinders is offering two of its shares for every seven shares in Paringa.

The predator is also to make a A$2.75 a share on-market bid for Australian Development (ADL), a fellow Northern Territory gold miner 56 per cent owned by the Poseidon resources group.

Family to tighten Carter Holt control

CARTER HOLT Harvey, the New Zealand forestry group, is to return to stronger family influence under a plan unveiled yesterday by Mr Richard Carter and Mr Ken Carter, the brothers who are respectively chairman and managing director, writes Our Financial Staff.

Through a vehicle called Krondor they are to pay NZ$278m (US$168.7m) for a 26.4 per cent stake in Carter Holt. This will come about through the purchase of 41m shares from staff trustees at NZ$3.60 and the allocation of 68m new shares at NZ$1.48.

This compares with a NZ$1.66 closing market price yesterday.

Dollar issue glut adds to pressure on prices

By Dominique Jackson

THREE MORE new dollar straight Eurobonds, totalling $550m, emerged yesterday onto a market many dealers considered vulnerable as the sector rally occasioned by last week's favourable US trade report for July began to peter out.

More than $2bn worth of new dollar straight paper has hit the market in the last 10 days and this wealth of new deals from a variety of borrowers has come close to fulfilling current Continental and Far Eastern demand for dollar Eurobonds, according to many new issue dealers and sector specialists.

The Long Term Credit Bank of Japan issoed a $200m four-year deal carrying a 9¼ per cent coopon and priced at 101.20 for an initial spread at launch of 57 basis points over comparable US Treasury issues. The issne, via LTCB International, saw steady demand, notably from the Far East although its final distribution was expected to be wider in line with the strong co-management group. The deal was bid at a discount of 1.65, just outside its total fees, while managing to maintain its launch spread against a volatile secondary market.

IBM Credit Corporation, the multinational's financing vehicle which carries a triple-A rating in its own right, also tapped the sector with a $250m three-year issue at 8⅞ per cent and 101.175 which offered a 23 basis point margin over Treasuries at launch.

Several dealers expressed surprise at what they termed the tight pricing of the deal, even for the borrower, which is not known for offering generous terms on new issues.

However, the lead manager reported brisk and broadly-based demand for the issue which it said represented a fair premium over the last Euro-issue for the same borrower less than two months ago. It was quoted bid at a discount equal to its total fees.

INTERNATIONAL BONDS

Credit Suisse First Boston was the lead manager on the day's third dollar straight issue for Lincoln National, a $100m seven-year deal at 9⅝ per cent and 101⅛ which was considsred rsasonsbly priced although the borrower does not have a highly developed profile among Continental retail investors.

Nomura International was the lead manager on a $180m equity warrant deal for Fukuyama Transporting Company. The four-year issue carries an indicated coupon of 5⅛ per cent.

South Korea's Saehan Media Corporation issued a $30m 15-year convertible issue via Citicorp Scrimgeour Vickers International. The coupon on the issue was indicated in a range between 1.7 per cent and 2 per cent and the conversion premium at 60 to 70 per cent. It was well bid st 101.50.

In West Germany, WestLB was the lead manager on a DM300m 10-year deal for the European Investment Bank at 6 per cent and 100½. The deal met a warm reception as have the borrower's most recent issues over which it offered a generous premium. It was trading comfortably within its total fees.

BHF-Bank is expected to launch a DM100m three-year issue at 5½ per cent and 100⅝ for Eurofima later today.

Monday's issue for Caisse Nationale des Telecommunications, a DM200m 10-year deal at 6⅛ per cent and 101⅞ via Westdeutsche Landesbank, was bid at a discount of 2½ yesterday.

Monday's issue for National Australia Bank, via Hambros Bank, a NZ$50m three-year Eurobond with a 14 per cent coupon, priced at 101¼, was still seeing steady demand yesterday and was quoted hid at a discount of 1.35, comfortably within its total fees.

The Pta15bn 10-year deal at 10⅞ per cent and 99⅞ launched on Monday for the World Bank via Dentsche Bank Madrid was swapped into part of the US dollar tranche of Monday's Volkswagen package with equity warrants attached.

In Switzerland, Handelsbank Natwest led a SFr50m 5⅛-year convertible deal for Shizuki Electric on which the coupon is indicated at ⅛ per cent.

National Home Loans issues £100m mortgage notes

By Our Euromarkets Staff

THE COST of financing mortgage lending through securitisation is coming down, but not nearly enough to make it the cheapest source of funds, *National Home Loans has said.*

NHL, which yesterday issued a £100m public offering of floating-rate notes backed by UK residential mortgages, is one of the new breed of mortgage lender that is neither bank nor building society. These lenders, which do not have access to depositors' funds, have been *borrowing heavily and have* already driven up the cost of syndicated loans to the sector.

Several securities houses, particularly US-based Salomon Brothers, have invested huge sums in getting a mortgage-backed securities market off the ground in the UK since early 1987. While there is far greater acceptance of the securities among investors today than in the past, the secondary market remains largely illiquid and the cost to issuers remains, for some, much too high.

Mr Nigel Terrington, controller at NHL, estimetes that all-in cost to borrowers of issuing mortgage-backed securities *with the insurance necessary* to earn a AAA-credit rating is about 60 to 65 basis points over London Interbank Offered Rates, substantially above that on some other sources of funds.

Yesterday's offering by NHL was made via a special purpose company. Ths floating-rate notes pay interest 27½ basis *points over Libor, the lowest* margin seen on any similar deal since the first mortgage-backed security was launched in the UK in early 1987. The securities, NHL's first such *offering* in nearly a year, are expected to receive a AAA credit rating from Standard and Poor's.

Instead of pool insurance, interest and principal payments on the securities are guaranteed by a subordinated "B" tranche totalling about £10m which is also backed by mortgages. While NHL did not disclose the margin on the subordinsted tranche, similar tranches for other issues have ranged from 100 to 135 basis points over Libor.

Because NHL itself has arranged to buy its own subordinated tranche, the spread is largely irrelevant. But this option is not available to most other mortgage lenders. Unlike some competitors, NHL has access to capital from shareholders and because it is not a bank or building society, it does not incur reserve costs for the mortgages it holds on its balance sheet.

But even with its ability to cut the costs of issuing mortgage-backed sterling floating-rate notes, NHL is looking at other financing methods.

Earlier this year, NHL arranged a $250m US commercial paper programme, omitting the role of the arranger by approaching banks directly. Mr Terrington said the msthod saved the company about £250,000 in financing costs. Of 33 US banks approached, 15 agreed to participate in the programme.

NHL is also working on a dollar-denominated mortgage-backed bond involving a currency swap as well as a £250m mortgage-backed evergreen financing, from a group of non-bank investors.

Danish futures market launched

By Hilary Barnes in Copenhagen

AN OFFICIAL Danish market in futures and options gets under way tomorrow when the Copenhagen Stock Exchange starts trading a bond contract linked to the 9 per cent, 18-year benchmark Danish government bond.

Trading will take place between 11am and 2pm. Other instruments will be introduced gradually as experience is gained. At present, the plan is to introduce an index contract next.

Mr Christen Soerensen, retiring chairman of the Stock Exchange Council, said: "We have been asked why we don't use the spaghetti method — throw the lot against the wall and see what sticks — but we have decided that the cautious approach is better."

The Danish bond market ranks among the half dozen largest in the world with an annual turnover last year of around DKr5,000bn ($648bn). The bourse authorities expect this depth of liquidity to provide the basis for an active futures and options market.

The rules of the new market require the Stock Exchange's 37 affiliated clearing members (brokers and banks), which alone can actually trade in the market, and their customers, to place a 4 per cent margin deposit with the Danish central bank.

A Guarantee Fund will administer the system and provide an intermediary between debtor and creditor. The fund will act as the clearing system and will also guarantee that there is both a buying and selling broker in place when contracts mature.

Settlements will take place through the Danish Securities Centre, which also handles all the settlements in the bond and share markets.

Swiss banker hits at multi-tier shares

By William Dullforce in Geneva

THE MANY different types of shares issued by Swiss companies and the large number of Swiss stock exchanges are a cause of concern to the Swiss Bankers' Association, Mr Claude de Saussure, its president, said yesterday.

The nationwide, fully-automated Swiss Options and Financial Futures Exchange (Soffex), started earlier this year by the banks, could be taken as a model for the gradual transformation of the Swiss equities market, he said.

Addressing the European Federation of Financial Analysts, Mr de Saussure acknowledged that the restriction on the purchase by foreigners of registered shares in Swiss companies cut back demand and led to distortions on the Swiss equity market.

The registered shares of many top-notch Swiss corporations were being traded at bargain basement prices, he said.

Most Swiss companies' share capital is divided into several types of equity — registered shares, bearer shares, participation certificates and even "baby" shares.

Considerable criticism has been generated abroad over the registered shares, which usually carry preferential voting rights, and over Swiss companies' ability to refuse to enter shareholders' names in their share registers without giving any reason.

Investors treated in this way under takeover bids should insist that the shareholders themselves be given the opportunity to pass judgment on the bids, Mr de Saussure said. The exclusion of foreigners was not enshrined in Swiss law but in amendments to corporate articles of association.

Mr de Saussure said it was hard to forecast what solutions to this "thorny issue" legislators would come up with under the current revision of Swiss company law.

The Bankers' Association president attempted to dispel two "myths" about Switzerland as a fiscal paradise and a haven of banking secrecy. The Swiss per capita burden was higher than that of France, West Germany, Japan and the UK, he said.

As for the "infamous numbered accounts" rumoured to cover a multitude of sins from the four corners of the world, there was no such thing as an anonymous account in Switzerland, Mr de Saussure said.

Client's privacy was a more suitable term than banking secrecy to describe Swiss practice, he declared.

MTRC receives rating

By Michael Marray in Hong Kong

HONG KONG'S Mass Transit Railway Corporation (MTRC) announced yesterday that its new HK$3bn ($384m) dual-currency medium-term note programme has been rated as A+ by Standard and Poor's.

The programme, which was signed yesterday in London, is the first long-term issue for which the MTRC has been assigned a rating.

According to S&P, the rating is based on the Hong Kong Government's 100 per cent ownership of and support for the MTRC as well as its strong operating performance and improved financial position.

Meanwhile, the Hong Kong Government has announced the appointment of Mr Hamish T. Mathers as the next MTRC chairman. He will succeed Mr Wilfrid Newton.

Mr Mathers, a 55-year-old chartered engineer, is deputy chairman of UAC of Nigeria.

ANZ in big single-day issue

By Our Financial Staff

AUSTRALIA & New Zealand Banking Group yesterday sold A$500m ($396m) of bonds in the biggest single-day non-Commonwealth government bond issue in Australia.

ANZ had planned to issue A$300m of bonds but was able to sell its entire medium-term corporate bond programme in one hit. The five-year bonds carry a coupon of 12.50 per cent.

Luxembourg branch for Lloyds group

By William Dullforce in Geneva

LLOYDS BANK's International Private Banking group (LIPB) will open a branch in Luxembourg next month, principally as a springboard for new investment funds.

It will initially launch an international liquidity fund, described by Mr Rene Keller, the principal manager for LIPB Europe, as a money market-type fund which will invest in short-term negotiable securities rather than in bank deposits. The Luxembourg move forms part of Lloyds' thrust to develop its international private banking activities from headquarters in Geneva.

LIPB, which already has more than £4.5bn ($7.55bn) under management worldwide, operates six investment funds in Switzerland.

Totalling SFr572m ($362m) at the end of July, these funds accounted for more than 30 per cent of the total funds run by foreign banks in Switzerland.

A marketing campaign, designed after an international research study into the opportunities in private banking, has just been launched by LIPB.

Research had shown the emergence from the buoyant economies of the 1980s of a new market, to a large extent closed to domestic banks, said Mr James Galbraith, the group's general manager.

Austrian electricity unit sell-off

By Judy Dempsey in Vienna

AUSTRIA'S electricity monopoly is to be partially privatised by the sale of 49 per cent of its capital through the Vienna bourse for up Sch5.6bn ($425m).

The state utility, Verbundgesellschaft, turned two years of losses totalling more than Sch2bn into net profits last year of Sch120.4m on a turnover of Sch15.3bn against Sch14.1bn in 1986.

The flotation will be made up of 15m shares at a price to be fixed between Sch335 and Sch375 each. The electricity companies of the nine Austrian provinces, all under the umbrella of the Verbund, will be given first option on 33.3 per cent of the shares.

These have to be taken up by early next month. The remaining 15.6 per cent, plus any shares not taken up by the provincial companies, will be offered to the public between November 21 and 25.

In order to widen Verbund's shareholder base, the flotation is being pitched more towards the private sector. Shares on offer to the provincial companies rank for lower dividends than those available to the general public.

Public response to the offer will decide what percentage of the shares will be allocated to the foreign investors and on what international exchanges the shares will be listed.

Japan sets shelf guidelines

By Our Financial Staff

THE Japanese Ministry of Finance has set guidelines on shelf registration for corporate bond issues. It estimates that 400 domestic and 60 foreign companies will be able to take advantage of the new system, which starts on October 1.

The ministry expects shelf registration to help stimulate Tokyo's corporate bond market.

A company will be eligible if its stock market capitalisation exceeds Y500m; if it has already issued a collateralised straight bond; or if its capitalisation exceeds Y100m a year and trading volume in its shares has exceeded Y100bn in the past year.

Shelf registration is expected to give companies greater freedom to issue bonds quickly. Under the current system, borrowers have to notify the ministry each time they wish to tap the bond market. This leads to a lag of about one month between application and the actual marketing of notes.

French tender

THE Bank of France said it will offer FFr11.5bn of short-term Treasury bills for sale at its next weekly tender on September 26. It will offer FFr3.5bn of four-week bills, FFr5bn of 13-week bills and FFr3bn of 24-week paper, Reuter reports from Paris.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 20

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93¾	94¼	-0	0	9.61
All Nippon Air 9⅝ 97	100	95	95½	-0¼	0	10.21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day -0⅛ on week -0

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES AND FINANCE

Storebrand agrees to sell Swedish finance unit

By Karen Fossli in Oslo

STOREBRAND, Norway's largest insurance and financial group, yesterday agreed to sell Storebrand Finans AB, its Swedish finance offshoot based in Stockholm, to Finans AB Vestos, the subsidiary of Sweden's AB Custos, and plans further reductions within finance and insurance.

The sale comes one month after Storebrand announced the dismantling of 10 Norwegian finance branches because of poor performance.

The Swedish finance unit has a book value of NKr44.1m ($6.4m) with total assets of NKr500m. Although Storebrand declined to give details of the deal it suggested it had earned more than book value on the transaction.

Storebrand says it was forced to decide between finance and insurance activities under Swedish law. Last October it bought Sweden's Victoria insurance company to which it will remain committed, although reductions in overall insurance activities may affect Victoria.

Storebrand's earnings have dropped to low levels and some analysts are predicting the company will either break-even or slide into the red this year.

Storebrand said break-even for 1988 accounts would be the worst outcome; a figure of about NKr100m for earnings is forecast by the company.

Mr Jan Erik Langangen, president of Storebrand and board chairman of Statoil, Norway's troubled state oil company, has been criticised by shareholders for diverting his attention to Statoil at a time when the insurance company in difficulty.

He has, however, identified weak areas in Storebrand where reductions can be made. For 1988, staff reductions of between 500 and 700 have been set as a goal.

In Denmark, Storebrand is seeking to sell parts of Custos Finans or to make reductions. Earlier this year it replaced the leadership of Custos.

In the first four months of this year Storebrand's profits slipped to NKr55m from NKr58m last year because of losses by subsidiaries.

Pearson pays $303m for leading US pump group

By Nikki Tait in London

PEARSON, the UK publishing, banking and industrial group which owns the Financial Times, yesterday announced the purchase of Reda, the leading manufacturer of electric submersible pump systems used in oil production, from the American TRW Group, for $303m cash.

The acquisition is being made through Camco, Pearson's oil services subsidiary. Yesterday, Lord Blakenham, Pearson's chairman, said the deal would give the company "as significant a role in the oil services business as it has in publishing." Pearson estimates that the purchase will lift Camco from being about the 12th largest international oil services company to seventh place, on a sales basis.

The deal comes hard on the heels of last week's share swap between Pearson and Elsevier, the Dutch publisher. Yesterday Pearson shares dropped 19p to 716p as speculation subsided that the Elsevier deal might prompt a hostile predatory move against Pearson.

Although Pearson has been pulling back in terms of direct oil exploration exposure - it recently sold Whitehall Petroleum, the predominantly North Sea-based oil exploration business, and says options are still being considered over the smaller Lignum Oil business in the US - the oil services interests have been expanding. In 1987, Pearson bought out the 34.9 per cent minority in Camco, and the subsidiary itself made a couple of acquisitions.

Reda is based in Bartlesville, Oklahoma, and manufactures in both the US and Singapore. It claims to have 55 per cent of the world electric submersible pump market.

Pearson said yesterday that it approached TRW over Reda two years ago, but negotiations did not start until May this year.

Sales at Reda have fallen from $272.7m in 1985 to $124.6m in 1987, with pre-tax profits dropping from $51.5m to $8m.

Elsevier's man branches out, Page 28

Bull takes 26% stake in Indian computer company

By Paul Betts in Paris

BULL, the French state controlled computer group, has acquired a 26 per cent stake in an Indian micro-computer company in an effort to expand its presence on the Indian market. This will give Bull a blocking minority in the Indian company.

The French group has also signed a technical and commercial co-operation agreement with its new Indian partner, Processor Systems of India (PSI).

The Indian company is based in Bangalore, in southern India, and specialises in small computers for research and scientific use. PSI was established in 1976 and its annual sales were about FFr78m ($12.3m) in 1986.

The agreement with Bull envisages the transfer of the technology of the French group's DPS 7000 medium-range computer family to PSI as well as co-operation in software systems. The DPS 7000 computers are expected to be manufactured in a plant in Bangalore. Bull will have four members on the board of the Indian company.

Bull had attempted to negotiate an earlier collaboration agreement in India two years ago but was beaten ou that deal by Control Data of the US.

Louis Franck dies at 80

MR LOUIS Franck, a former chairman of Samuel Montagu, the City of London merchant bank, died on September 15 in Switzerland. He was 80.

A Belgian citizen, Mr Franck came to London in the 1930s and joined the Montagu partnership in 1935.

He rose to become senior partner of the bank and, in 1960, chairman, a position he held until he retired in 1969.

Mr Franck was known for the shrewdness of his mind and his knowledge of the world financial markets.

These enabled him to develop Montagu and its associated interests in insurance broking.

He is survived by his wife Evelyn and two children.

Annual reports 'good marketing aids'

By Maggie Urry in London

COMPANIES can use their annual reports as a marketing tool and not just to pass information to shareholders to meet statutory requirements, was the message from speakers at a Confederation of British Industry conference in London yesterday.

Mr Tim Halford, group public affairs director at Grand Metropolitan, the drinks, food, and hotels group, said his company spent nearly £500,000 ($852,000) on producing the annual report for its 100,000 shareholders. He said it was the main opportunity to promote the GrandMet name, since, although the group's products were all branded, none had the company name.

The report was also a chance to make offers to shareholders, Mr Halford said. Forty thousand people had used the report's voucher for "money-off" at Berni Inns, GrandMet's restaurant chain.

Mr Jeffrey Preece, director of information services at British Nuclear Fuels, related how the leak of radioactivity material from Sellafield, Cumbria, and the company's subsequent prosecution, had persuaded the board to change its attitude to the annual report.

The report had beeu designed not to be eye-catching, but, after the leak, "it became clear that we needed to adopt every means open to us to redeem our reputation with the general public."

COMPANY NOTICES

UK COMPANY NEWS

Clyde makes bold bid for growth

Ray Bashford and **Kenneth Gooding** on Newmont Mining's disposal

CLYDE PETROLEUM'S acquisition of Newmont Mining's oil and gas areas in the Netherlands is a bold bid by one of the smaller independent UK oil producers to spread its risks internationally while picking up assets which are showing considerable scope for appreciation.

The flurry of activity in the sector during the past 12 months, which has seen nine large disposals of oil and gas areas, has added a premium to the sector and left much to play for as British Gas demonstrated by its ill-fated dawn raid on Lasmo this month.

However, Dr Colin Phipps, chairman, was yesterday quick to rebut any suggestion that the acquisition and the £121.1m rights issue to finance it were made to insulate Clyde from predators.

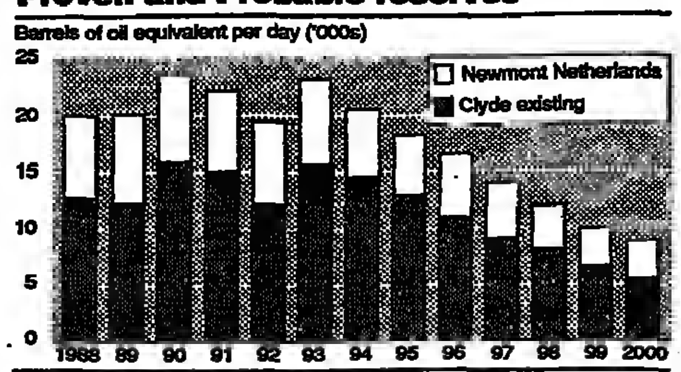
"This is in no way a defensive move. We are not in the business of being defensive. This is just just giving us more reserves which we can stick away," he said.

Clyde has long held the ambition for a substantial international expansion away from Britain and its 7.5 per cent stake in the onshore Wytch Farm development which is in full swing and provides the bread and butter for its operations.

The Newmont purchase has been under consideration for 12 months, and in the interim Clyde tendered for several of the other areas which have recently been sold.

The company won the Newmont deal after tendering against up to 24 other groups. Clyde conceded that it paid a "full price."

Proven and Probable reserves



The specific advantages which the Dutch areas hold over areas in the North Sea, for example, are a well developed infrastructure in a less hostile climate where the company is able to afford relatively larger operating stakes.

Several analysts, who agreed that the company was paying a full price, where encouraged by the apparent quality of the areas and the potential that they hold for possible development in nearby areas.

Another clear advantage of a move into the Netherlands is the possibility which the country's government affords of being able to write off losses in overseas exploration against profits derived from the areas.

Britain's "ringed fence" policy prohibits such write-offs. Without this advantage, a company of Clyde's stature is hampered in its ability to enter highly speculative and expensive exploration projects.

With its Ecuador operations, which have proved a cash cow for several years, coming to an end in 1997, Clyde is clearly in the market for similar opportunities, perhaps in Egypt.

After the issue, Clyde's market capitalisation will be between £250m and £300m, making it the fourth largest independent UK oil group. British & Commonwealth Holdings is understood to have decided not to subscribe to the issue despite lobbying by the Clyde board, meaning that four of the company's five major shareholders will be subscribing for 43.9 per cent of the offer.

Newmont's decision to sell is a further move in its transformation from a diversified mining company into an almost purely gold business. It has been forced to take this route to repay the huge debt built up when it fought off an unwelcome bid last year from Ivanhoe Partners, a group led by Mr T Boone Pickens, the corporate raider.

To fend off Ivanhoe, Newmont paid a dividend of $33 a share, which gave Consolidated Gold Fields, the UK-based mining finance group which then owned 26.3 per cent of Newmont, the funds to act as a white knight and increase its holding to 49.7 per cent.

This payout cost $2.2bn (£1.3bn), of which $1.75bn was borrowed using a specially arranged revolving credit facility.

Newmont immediately put everything it considered non-essential up for sale. At first the list aven included Newmont Australia, a 75 per cent owned gold mining company.

Newmont Mining could not get the price it wanted, and in any case is now determined to concentrate on gold.

The 49.9 per cent stake in Peabody Coal, the largest coal producer in the US, is not for sale. Its long-term contracts bring in sorely needed cash flow.

Newmont has already sold its shares in Du Pont for $353.2m, 82 per cent of Foote Mineral (for $74.1m), 33.7 per cent of Sherrit Gordon ($40.8m), and realised about $125m in total from shareholdings in Palabora, Highveld, Ookelp Copper, and Tsumeb (Namibia). The disposal of Similkameen Copper, a wholly-owned subsidiary, netted C$15m (£7.33m), while other sales have brought in about $26.5m.

Once the Dutch sale is completed, and if the sale of 15 per cent of Magma Copper goes ahead, by the end of this year Newmont will hava raised $1.2bn.

Bowthorpe unveils £19m profit and US buy

By Philip Coggan

BOWTHORPE HOLDINGS, electronic components group, yesterday announced further expansion in the US together with a 19 per cent increase in interim pre-tax profits from £15.8m to £18.83m.

The company is buying Thermalloy Investment, a Dallas-based manufacturer of heatsinks and related electronic assemblies. Heatsinks are devices installed in electronic circuits designed to cool the components and thereby increase their efficiency.

The initial payment for Thermalloy, which made net earnings of $3m in 1987, is $20.5m (£12.2m) plus a further $2m in the form of a non-competition payment to the founder and principal stockholder. Further payments of up to $4.5m depend on future profits.

Bowthorpe launched a £44.5m rights issue last September, with the aim of using the proceeds on acquisitions, specifically in the US. The group still has £35m of cash and interest income increased to £1.98m (£201,000).

Trading profits in the half year to Juna 30 were £14.87m (£13.8m) on turnover 6 per cent up at £87.33m (£82.06m). The company received £1.19m (£749,000) from a consequential loss insurance claim.

Adverse exchange rate movements knocked £824,000 off pre-tax profits; overseas companies contribute 59 per cent of operating profits. Atlantic Scientific Corporation, the US group which Bowthorpe acquired last year, made a small loss after the level of orders fell significantly.

Retrenchment in the European defence industry caused problems at Compagnie Deutsch, resulting in a fall in related company profits to £780,000 (£1.05m). After tax of £7.23m (£6.68m) and minority interests of £907,009 (£501,000), earnings per share were 6.87p (6.34p). The interim dividend is 1.26p (1.06p).

Mr Ray Parsons, executive chairman, said the results for July and August had been higher than in the corresponding period of last year.

● COMMENT

Bowthorpe has an excellent record for profits and earnings growth, although this year the latter may be slower than normal. Earnings per share will be weighed down by the effect of last year's rights issue and the fast expansion of minority interests. For the long term, the group looks as robust as ever; its management is proven, its finances are strong, it is ensconced in a large number of niche markats. The main danger is a blunder in its acquisition policy, but since it has generally bought small companies, the chances of a major disruption are limited. Assuming pre-tax profits of £39m for the year, the shares look fairly rated at 166p, on a prospective p/e of 12.

Weather and buoyant housing side boost Tarmac by 50%

By Andrew Hill

THE MILD winter and continued buoyancy of the housebuilding industry helped Tarmac increase first half profits by 50 per cent. The construction and building materials group made £125.2m in the six months to June 30, against £83.2m last year.

Sir Eric Pountain, chairman, said the figures augured well for another record year to set against 1987, which he described as "the year of years for the construction industry" after April's announcement of the full-year results.

Sales were up over 30 per cent in the first half at £1.27bn (£973m). Earnings per share advanced from 7.2p to 11p, an increase of 53 per cent, and the interim dividend is lifted to 2.5p (2p). Tarmac's shares rose 3p to 226p on the figures.

Mr Terry Mason, finance director, said yesterday: "Normally after such an open winter, the second quarter shows some signs of weakness, but the underlying strength of demand in the industry this year means we have not experienced that weakness."

Tarmac does not provide a divisional breakdown of the interim figures, but the group said its largest division, housing, had been particularly strong. The strategy of spreading housing completions more evenly over the year contributed to an improvement in profits.

"We see no signs at the moment of any significant slowing in the industry, or of any drop in demand for housing," said Mr Mason.

Quarry products also benefited from the excellent trading conditions, and Tarmac said the construction division had completed a much greater volume of work in the first six months at good margins, taking advantage of the good weather.

By contrast, Tarmac-LoneStar in the US suffered from unexpectedly cold and wet weather, combined with teething problems at a new finish mill in Roanoke, Virginia. The Tarmac America division maintained operating margins

Meanwhile, Tarmac said yesterday that the bulk of its customers thought there would be no problem with the Office of Fair Trading over the group's £141.3m recommended cash bid for Ruberoid, the roofing materials company.

Raine Industries, the housebuilder which is also bidding for Ruberoid, is pressing for the Tarmac bid to be referred to the Monopolies and Mergers Commission. Raine's hostile cash-and-shares offer values each Ruberoid share at 230p, against Tarmac's offer of 280p.

Tarmac continues to build up its stake in the target company, and has now received irrevocable acceptances of its offer representing about 22 per cent of Ruberoid's shares.

See Lex

Blenheim pays £7.63m for Ifssec

By Philip Coggan

Blenheim Exhibitions Group has agreed to acquire Ifssec, an exhibition organiser, for £7.63m.

The acquired group's main exhibition is Ifssec, which deals with fire protection, fire engineering, security and crime prevention. It also organises the Institution of Occupational Safety and Health conference.

Last week, Ifssec acquired Mecl, which organises the International Police Exhibition and conference. Blenheim is considering whether or not it will continue to organise the conference in future years; if it does not, the vendors will be granted an option to buy Mecl.

The acquisition of Mecl created a net deficiency of assets of approximately £600,000 in the Ifssec Group. This is likely to result in a pound-for-pound reduction in Blenheim's payment.

Triton Europe

Triton Europe, oil and gas explorer and producer, continued the sharp recovery in profits reported in the interim statement last February.

For the full year to May 31, Triton revealed pre-tax profits of £7.12m, against £336,000 last time. Turnover rose to £33.26m (£27.84m), an increase, which according to Mr H. Brewer, chairman, reflected a near-20 per cent upturn in net production to a record 3.33m barrels of oil equivalent. Earnings per share worked through at 4.32p (0.62p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Abingworth	fin	1.25	-	1.25	1.25	1.25
Beauford Group	int	1.4	Nov 24	1.2	-	4
Bemrose	int	4	-	3.5	-	10
Bowthorpe Hldgs	int	1.26	Dec 16	1.05	-	3.277
Burford Group §	fin	1.5†	Dec	0.3⁑	1.5	0.3⁑
Clyde Petroleum	int	0.5	Oct 31	nil	-⁂	nil
Crean (James)	int	6.5♣†	-	6	-	14.375
Cussins Property	int	3.15	Nov 29	2.8	-	7.2
Davis (Godfrey)	int	2.33	Oct 28	2.1	-	6.1
Elswick	int	0.15	Jan 20	nil	-	0.3
Fitch-RS	int	3†	Oct 31	2.5	-	6
GT Japan Inv Tst	fin	1.6☆	Nov 4	1.3	2☆	1.7
Kwik-Fit	int	1.04†	Nov 14	0.833*	-	1.9*
Mucklow (A&J)	fin	4.605	Jan 3	3.38	7.425	5.94
Polypipe	fin	1.4†	Nov 2	1.04*	2.1	1.56*
Quarto Group §	int	1.5◆†	Nov 21	1.5	-	4.5
Royal Sovereign¶	int	1.2	Nov 3	1	-	4.5
Singer Friedland	int	0.75	Nov 1	nil	-‡‡	0.75
Tarmac	int	2.5	Nov 7	2	-	7.25
Trinity Intl	int	1.8	Oct 28	1.4	-	5
Watmoughs	int	2	Nov 1	1.667*	-	6.875*
Yule Catto	int	1.6	Oct 21	1.25*	-	3*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ◆Gross throughout. ⁂Final of at least 0.5p forecast. ‡‡Final of 1.25p forecast (previous dividend for nine months period). ☆Includes special dividend of 0.6p. ⁑For period from USM debut in March 1987 to June 30 1987. ♣Irish currency throughout.

Bromsgrove deal

Bromsgrove Industries, Birmingham-based specialist engineering group, has acquired BRI Information Services and Brooks Road Investments for £465,000 cash and 88,496 shares. This values BRI and Brooks Road in aggregate at £555,000.

CPU Computers

Sales rose 16 per cent from £18.11m to £21.06m at CPU Computers for the six months to June 30, but pre-tax profits fell 23 per cent from £710,000 to £549,000. Earnings per 5p share, however, came through at 2.05p (1.54p).

Directors of this USM-quoted company said that the combined impact of the Synelecs restructuring, a good performance and a more balanced tax position was expected to result in continued earnings growth.

Markheath lifts Frogmore stake

Markheath Secnrities has increased its stake in Frogmore Estates, the London-based property developer and investment group, to 7.1 per cent or 2.78m shares. Markheath's last notified holding, earlier this month, totalled 2.4m shares.

At yesterday's annual meeting, Markheath predicted "further substantial progress during the current year". On the property front it was concentrating resources in central London and to the west.

US-style purchase for Oceana Cons

By Clive Wolman

CHARLES STANLEY, an independent private client stockbroking firm, is being bought by The Oceana Consolidated Company, the financial services and investment group, on the basis of a US-style "earn-out" arrangement.

Charles Stanley's principal shareholder, Mr David Howard, is managing director and a major shareholder of Oceana.

Oceana is to pay an initial sum of £250,000, plus a further sum representing 4.5 times the annualised pre-tax profits of Charles Stanley over the period to March 31 1990. The upper limit on this "earn-out" payment is £3.15m. Another £300,000 may be paid if Charles Stanley relocates to cheaper accommodation.

Charles Stanley, which claims 25,000 private clients from its offices in London, Cambridge, Ipswich and Norwich, suffered a pre-tax loss of £302,000 in the year to April 22 1988, after receiving gross commission of £7.9m.

This figure, which covers the period of the stock market crash, was reached after a charge for bad debts and dealing losses of £760,000.

Earn-out formulae have been widely used in the acquisition of US financial service businesses as a way of tying in and motivating the former owners. But none of the hnyers of stockbroking firms in the run-up to Big Bang followed this approach because the sellers refused to bear the risks involved.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Addison Consultancy, Bank of Scotland, Bank of Wales, [illegible], Britannia Group, [illegible], Corah, [illegible], Heal, Kleinwort Benson, Laidlaw Thomson, Laporte Inds, Oliver (G.) Footwear, Pittard Garnar, Power Corp, Proudfoot (Alexander), River & Merc. Cap. & Inc. Tst, [illegible], Tilbury Group, Worcester Group, Young Group.

Finals- Bankers Inv. Tst., Barratt Dev.

FUTURE DATES

Interims-

Allied Insurance Brokers	Sept 22
Anglo American Inv	Oct 4
[illegible] Brothers	Sept 30
Fortnum & Mason	Sept 28
[illegible]	[illegible]
[illegible] Technology	Oct 14
Mercantile House	Sept 29
North British Canadian	Oct 3
Utd. Friendly Ins.	Sept 29
Walker Greenbank	Oct 6
Wankie Colliery	Sept 30

Finals-

Bristol Channel Repairers	Sept 29
British Fittings	Oct 4
Cooper (F.)	Oct 25
Renishaw	Oct 26
Throgmorton Dual Tst.	Sept 29
Trafford Park Estates	Sept 28
Ulster T.V.	Oct 7

UK COMPANY NEWS

Kwik-Fit ahead 22% to £9.8m despite mild winter

By Fiona Thompson

KWIK-FIT Holdings, *automotive spares specialist*, yesterday reported a 22 per cent rise to £9.83m in pre-tax profits for the six months to August 31 1988, against £8.03m last time.

This was despite a decline in the total exhaust market in the UK and on the continent because of the mild winter and the consequent lack of salt on the roads.

"We lost £2m in sales and in excess of £1m in profits because of lost exhaust sales," said Mr Tom Farmer, chairman. "Salt is greatly beneficial to us as it brings corrosion."

Kwik-Fit opened 19 new centres in the UK and four in the Netherlands during the period.

In France it acquired 80 per cent of Tours Pneus, a leading retailer and distributer of tyres, which operates from 17 centres; agreement was also reached with a group of 24 independent exhaust fitting stations to grant them *Kwik-Fit franchises*.

This brings the total number of branches to 450 in the UK, the Netherlands, Belgium and France. Mr Farmer said his aim in five years time was to be well on the way towards having 800 UK branches and 150 sites in Belgium and the Netherlands.

"France will become an even more significant market with 1992 heralding the opening of the free market in the EC and with the building of the Channel Tunnel," said Mr Farmer.

"It is important that we establish Kwik-Fit as quickly as possible, achieving the same recognition as we have in the UK and Holland," he added.

Turnover rose from £62.92m to £79.68m. Earnings per share, adjusted for the March scrip issue and the £35m June rights issue, increased from 6.18p to 6.96p.

Interest payable was £568,000 (£471,000) and the tax charge was £3.54m (£2.89m).

An interim dividend of 1.04p (0.89p) was declared.

● **COMMENT**

The City liked these results and shares closed 4½p up at 111p last night. Kwik-Fit is dominant in its field and has a proven formula – not to mention a £10m advertising budget and a brilliant jingle which appears to have convinced 3.5m customers a year to bring their cars and their worries to its boys in blue. Kwik-Fit has 25 per cent of the UK exhaust market and even during the past mild winter managed to boost its market share. The brake market is a top target area now, with a 10 per cent market share the aim. Analysts are looking for pre-tax profits of £22m this year, producing a prospective p/e of just *over 12, up with events*.

Cookson accused of 'bungling'

By Clare Pearson

WOLSTENHOLME RINK, Lancashire-based lithographic materials company, has accused specialist metals and chemicals concern Cookson Group of bungling its £25.5m contested offer for the company. The offer closes Friday and has so far attracted a tiny proportion of acceptances.

The level of the five-for-three share offer, with a 410p cash alternative, was "generally accepted to have been poorly judged," Mr Stanley Wright, chairman, claimed in a letter to shareholders.

On the basis of Wolstenholme's 1988 forecast of pre-tax profits of £4.2m, the cash alternative valued the company on a multiple of only 9.3, "clearly making Cookson's *offer wholly inadequate*," he said. "Cookson seems unaware an offeror needs to pay a significant premium for control of a successful listed company," he went on.

Wolstenholme's shares, also valued at 410p under the share offer, closed at 415p.

Cussins Property

Cussins Property Group reported little changed pre-tax profits of £1.12m (£1.13m) in the six months to June 30, on sales up from £3.63m to £6.47m.

Earnings per 20p share were 10.13p (13.96p). The interim dividend is raised to 3.15p (2.8p).

Joseph Holt at £2m

Pre-tax profits of Joseph Holt, brewer, rose from £1.73m to £2.09m in half-year to June 30. Sales £6.35m. Dividend 6p (5p) on earnings of 45.19p (37.44p).

Miquel's bold plan comes to abrupt end

Lisa Wood examines the boardroom split at Belhaven

"BELHAVEN is not for sale and neither are any bits of it," says Mr Phillip Kaye, who replaced Mr Raymond Miquel as chief executive of the brewing and restaurant group after a boardroom row disclosed this week.

Mr Kaye, who retains his position as chief executive of Garfunkels, the biggest and most profitable division of Belhaven, said that since the announcement of Mr Miquel's departure he had had several inquiries asking if Belhaven's Dunbar brewery was for sale.

Sale of the brewery – where a £2.4m development programme completed this year trebled the output to 100,000 barrels a year – was seen by the City as one possible outcome of the row.

The brewing operation, with its new range of Belhaven Scottish Premium Beers including Prince of Scotland, was perceived as a major cause of the rift between Mr Miquel and his colleagues.

This viewpoint was reinforced because news of Mr Miqnel's departure was announced on the same day as Belhaven's interim results which showed brewery profits dropped sharply from £665,000 to £217,000, although the group as a whole showed marginally improved profits, np from £3.23m to £3.33m.

In announcing Mr Miquel's departure, Belhaven said only that a difference of opinion had arisen between him and the majority of the board about the management and future development of the group.

Mr Miquel joined Belhaven in 1986 after resigning from Arthur Bell where as chairman he had tenaciously, but unsuccessfully, fought against a takeover by Guinness, the drinks group. Mr Miquel, a balf-marathon runner and workaholic who demanded the same commitment from his staff, had built the whisky company into the second largest in Scotland.

When he joined Belhaven, it was a rag-bag of companies, making about £1m a year. Mr Miquel stripped the company down to its Dunbar brewery, some pubs and a hotel in Spain.

His ambitions, bowever, were grand: he wanted to build a *portfolio* of premium-priced beers, sold at home and overseas and possibly expand into other sectors of the drinks industry. Other options included building the botel operations and buying into the sports and leisure retailing sectors.

In 1987, Belhaven emerged as the surprise £98m suitor of the Garfunkels restaurant business, built up by Mr Phillip Kaye and his brother, Reginald. It was the third company the Kayes had nurtured to the point of takeover.

It appeared to be a reverse takeover, but not in terms of management, with Mr Miquel remaining as chairman and chief executive of Belhaven. Mr Phillip Kaye, who along with family interests controlled more than 10 per cent of Belhaven's shares (compared with Mr Miquel's lesa tban 1 per cent stake), joined the board.

Mr Miquel wanted to develop premium-priced beer brands – an ambition described by one analyst as "brave and strong." The Kayes, however, were intent on repeating their proven format of building profitable but more middle-market operations.

During the past few months, conflicts within the boardroom are understood to bave been of such severity that several options, including Mr Kaye's resignation had been mooted.

Some members of the board of Belhaven claimed Mr Miquel needed to pay greater attention to short-term profitability and were critical particularly of Mr Miquel'a ambitions for the Belhaven brewery.

Promotional costs incurred by the brewery – which in the nine months to December 31 1987 rose from £26,000 to £250,000 – will be slashed this year.

While Mr Kaye says that Belhaven is committed to retaining the brewery operations it is not a business, he admits, that is close to his heart.

Raymond Miquel: a half-marathon runner and workaholic

The wisdom of retaining a small Scottish brewery – which would need considerable long term investment to exploit niche opportunities in the beer market – alongside an expanding restaurant business must be questionable.

Sovereign Oil falls sharply to £796,000

By Max Wilkinson

SOVEREIGN OIL and Gas yesterday announced a reduced pre-tax profit for the first half of the year of £796,000 compared with £2.2m for the same period last year.

The company *attributed* the decline to the effect of lower oil prices, the relative strength of sterling and lower production levels. In the first six months of the year its average sterling oil price for crude was £8.65, 21 per cent below the level in the same period of last year.

Its share of production from the Brae, Forties and Claymore fields was 4,917 barrels per day or 7.9 per cent below the level in the same period of 1987.

However, the company said that production from the North Brae field, which started in April, will contribute more significantly to the full year's results.

It said the results were unlikely to be materially affected by the loss of production from the Claymore field which was curtailed by the explosion of the Piper Alpha platform this summer. It said reduced output from Claymore would be offset by lower operating charges and depreciation.

In the six months to June 30, Sovereign's turnover was £7.93m compared with £11.22m in the first half of 1987. It wrote off exploration costs of £1.6m (£2.2m) and reduced its operating charges by almost 20 per cent from £6.85m to £5.5m.

● **COMMENT**

The decline in pre-tax profits reflects factors largely external to Sovereign and did not divert the market yesterday from the basically sound prospects for the company to which the interest of Neste, the Finnish State oil company has recently added spice. Neste, which now has a 14.9 per cent stake in Sovereign, is also the purchaser of all the oil from the Emerald field, which Sovereign is developing with a complicated financial arrangement which limits its risk as well as its potential rewards. At today's oil prices Neste's agreement to purchase Emerald oil for the equivalent of a Brent price of $17.9 per barrel looks a prescient move on the part of Sovereign. The development of Emerald, with the prospects for growth in production volumes from its other interests has the potential to almost double Sovereign's production by 1992. The company has now got rid of most of its poorer prospects, and has some interesting acreage now being explored. These solid prospects, and the recent revival of interest in the independent sector as a result of London and Scottish Marine Oil's decision to sell its stake in Enterprise Oil are reflected in a share price for Sovereign which is high in relation to its established assets. At recent prices shareholders must be betting on further discoveries, a substantial recovery in oil prices, or perhaps a bid.

VPI restructures deferred consideration for Carter

By Nikki Tait

VPI GROUP, the corporate communications undertaking, is restructuring the deferred consideration arrangements for the Carter Organisation, an American investor relations business, which it bought in June 1987.

The announcement was accompanied by a pre-tax profits forecast "in excess" of £13.5m for the year ended September 1988 and a proposed subdivision of 5p shares into 2½p shares.

The new deal means that the maximum cost on the Carter purchase is reduced by 12.5 per cent, from $114.6m to $100.3m, with future payments being made in cash rather than shares. However, to earn the maximum payment Carter now faces easier profit targets; total profits which must be made in the period to end-September 1990 to justify the maximum are reduced by 9.6 per cent.

Deferred consideration arrangements - usually tagged "earnonts" - have been an increasingly popular form of payment, especially in "people" businesses where they arguably produce continuing incentives.

However, worries have been expressed about the structure of some deals - in particular where no maximum payment is set, or where future payments are to be satisfied largely in shares. In the latter case, a sharp fall in the acquirer's share price can lead to earnings dilution as more and more shares are required to meet the staggered payments.

Under its orginal deal, VPI paid an initial $51m. The overall payment was to be the greater of 4.75 times average adjusted pre-tax profits for the three years to end-September 1990, or a series of instalment payments if profits surpassed certain figures in the years to end-September 1988, 1989 and 1990. If Carter's pre-tax figure topped $19m, $22.8m, and $27.4m respectively, maximum further payments of $20.6m, $21.2m and $21.2m would be made.

This deal envisaged that 22 per cent of the first payment would be made in shares, 43 per cent of the second and 63 per cent of the third, subject to a limit of 7m shares overall.

The new deal reduces the overall multiple of average adjusted pre-tax profits to 4.6 times, the maximum consideration to $100.3m, and specifies that all future payments are in cash. Carter is expected to top the $19m target for the first payment, and this is being increased slightly to $25.3m, payable in January.

The following payments will be based on 4.1 times profits between October 1988 and June 1989, subject to a maximum of $5m; on 4.6 times profits between October 1988 and September 1989, to a maximum of $9m; and on 4.6 times profits between October 1987 and September 1990, with a maximum of $10m.

Yesterday, Mr Reg Valin, chairman of VPI, claimed that the new structure had four advantages. It removed potential share overhang; reduced short-term pressure on Carter; allowed Mr Donald Carter, chairman, to play a larger role in the group overall; and enhanced earnings per share.

If, purely as an example, group profits were to reach £16.5m in 1988-89, earnings per share would be around 42.1p against 41.7p, he said. The first payment should be broadly satisfied from current cash resources of some £10m.

VPI also announced yesterday that it is selling an 80 per cent stake in Dutch subsidiary Valin Pollen Thomas & Kleyn to local management for Dfl6m. There is an option to buy out the remainder for Dfl2m or Dfl3m depending on results in the years to end-1991. Pre-tax profits at VPTK are not expected to top Dfl530,000 in 1987-88 (Dfl1.72m in the previous year).

Yesterday VPI shares - which fell from over 500p to under 150p in the crash - eased 3p to 280p, with some previous over-ambitious forecasts blamed.

UK COMPANY NEWS

Godfrey Davis 17% up at £7m in first half

By Clare Pearson

GODFREY DAVIS (Holdings), services company, lifted pre-tax profits by 17 per cent to £6.9m in tbe six months to June 30 on a 15 per cent increase in turnover to £122m.

The period ended before the company's recent string of acquisitions and disposals, culminating last month in the £44m agreed takeover of Falcon Industries, a supplier of portable buildings to the construction industry.

Mr George Boyle, finance director, said retained companies lifted profits by 27 per cent during the first half. The contribution from businesses sold was lower overall, with Godfrey Davis Park Homes, sold for £27.8m, improving modestly but Security Arrangements, alarm monitoring and courier concern, making lower profits.

Following the acquisitions of Falcon and the much smaller Newbury Laundry, full-year pre-tax profits are expected to break down into roughly 55 per cent textile maintenance, 30 per cent vehicle supply, and 15 per cent site services, Mr Boyle said.

Mr Boyle added that the company was reviewing the position of Falcon's plastic plant pots division, which has annual turnover of between £8 and £10m. Bnt he refused to be drawn on whether there were any current plans to sell it.

The performance of the linen rental business within the textile maintenance division was described as particularly encouraging against e beckground of lower hotel occupancies. Motor dealerships benefited from good demand, and the contract hire business grew both in volume and profit terms.

Earnings per share rose to 6.56p (5.65p). The interim dividend is set at 2.33p (2.1p).

● COMMENT

These figures provide further reassurance of the solidity of the company under the Sunlight Service management that took control of Godfrey Davis through a reverse takeover last year. Particularly cheering was the strong profits advance in the retained businesses, even with the two unhelpful factors of the decline in tourism and the Ford strike. Linen rental appears to be gaining market share, and, whatever the futureenvironment for the motor trade, car dealerships and contract hire should improve margins through increased efficiencies. This year, disposals will have little net effect on profits although analysts have added on about £75,000 for Falcon to previous forecasts of £16.5m pre-tax. Next year, earnings per share growth is likely to be somewhat held back by the 15m shares issued for Falcon, but should still rise by between 10 and 15 per cent. The shares, on a prospective p/e for the full year of about 10, are seen as a comfortable hold though likely to be dull for the moment.

Troubled Imtec planning a financial restructure

By Clare Pearson

IMTEC, troubled USM-qnoted microfilm equipment manufacturer, has warned that it is planning a substantial issue of new share capital.

The announcement followed a rise in Imtec's share price of about 40 per cent since the start of the month, and mention in a Sunday newspaper of unconfirmed reports that a substantial stake in the company had changed hands.

Imtec said it was discussing a financial restructuring which would involve the issue of new capital at less than the current share price. The restructuring would be put to shareholders if institutional soundings were successful.

Mr Brian Lacey, chief executive, said he was unable to elaborate on the announcement, but the company would announce further news on the proposed deal, together with results for the year to June 30, in the near future.

Imtec had said its financial position was delicate when it announced interim pre-tax losses of £852,000 earlier this year.

All-round growth at Fitch-RS

Strong growth in each of the four core businesses pushed up pre-tax profits of Fitch-RS in the first half of 1988. At £1.46m they showed a 36 per cent rise over 1987.

The group provides architectural, interior design, product design and graphic communication services. Its turnover rose 20 per cent to £7.3m, including e full period contribution from Gordon Benoy, the architectural practice acquired last year.

Mr Rodney Fitch, chairman, said there was strong new business activity across the group and the ontlook was very good. The acquisition in June of RichardsonSmith gave a major presence in the American market, while also strengthening the European product design opportunities.

Continental Europe was providing a valuable platform for growth, with British design much in demand as companies geared up for 1992.

In the half year earnings rose to 16.6p (12.4p) and the interim dividend to 3p (2.5p).

Everest Foods beats forecast

Everest Foods, the second largest producer of frozen chips in the UK, turned in pre-tax profits of £2.42m for the year ended May 31 1988.

That compared with £2.25m forecast at its USM launch last May, and with £1.76m in the previous year. Earnings were 17.3p (11.1p) and, as indicated, there is no dividend.

Mr Bob Gilbert, chairman, said he viewed the future with continuing optimism. Trading prospects were very encouraging and "we are eager to maximise growth opportunities organically and by acquisition".

He announced the acquisition of e 1.9 acre site adjoining the main plant at Wombourne for £365,000, allowing expansion for frozen foods and catering distribution.

In the past year Everest Frozen Foods achieved excellent results across its whole product range, the chairman said.

Burford doubles to £1.55m

Burford Group, the property investment and trading company which was floated on the USM in March 1987, yesterday announced pre-tax profits doubled to £1.55m in the year to end-June. Turnover of £18.71m was sharply higher than the £5.27m last time.

Both realised and unrealised investment property surpluses were taken below the line, contributing £572,000 and £13.88m respectively. Earnings per share rose to 8.7p (5.3p) and e final dividend of 1.5p is proposed (0.3p in respect of the period following the flotation).

Trinity moves up 20% midway

Strong performances in all divisions, plus acquisitions, enebled Trinity International Holdings to lift its pre-tax profit by 20 per cent, from £5.51m to £6.62m, in the half year ended June 25 1988.

Earnings from Liverpool benefited through the upturn in the economy and the many improvements and changes made over recent years. The Daily Post returned to profits. Commendable profit growth was also shown by weekly publications, the directors reported.

Inclusion of the recently acquired Buckeye Publishing helped the US divisional profits to reach new heights.

The Canadian titles, too, saw benefits from past acquisitions and made impressive growth in dollar profits.

Earnings at both papermills and corrugator plants reflected e strong market and benefits of recent investment.

Turnover in the half year amounted to £51.33m (£44.35m).

Earnings came through at 7.5p (6p) and the interim dividend is raised to 1.8p (1.4p).

Pension holiday boost for Bemrose

STRONG DEMAND for its security printing activities from financial institutions and high efficiencies at its Derby base enabled Bemrose Corporation to raise taxable profits to £1.2m in the six months to July 2.

The advance from £873,000, however, inclnded benefits of the pension fund holiday, treated as an exceptional credit of £200,000, and income of £76,000 (£75,000) from a related company.

Bemrose, which already prints cheques for Barclays and NatWest, has also been awarded a share of cheque business for Lloyds Bank. The group is seeking to expand products, markets and technologies in security printing.

Gift wrap sales rose 80 per cent on the same period last year, but heat transfer paper results suffered from further erosion of margins.

Group turnover rose just 4 per cent to £29.92m. Earnings per share worked through at 5.32p (3.96p) and the interim dividend is lifted to 4p (3.5p).

An extraordinary debit of £274,000 related predominately to losses arising on the sale of the Wiljon offshoot and reorganisation costs in the decorative products side.

Gillon takes 16.4% stake in Property Trust

Gillon Holdings, a Panamanian registered company, has taken a 16.4 per cent stake in Property Trust, the shell property company chaired by Mr Tony Rhatigan.

The 150m shares now owned by Gillon were part of the consideration for a property portfolio bonght by Property Trust.

Mrs I Halabi, the mother of Mr Simone Halabi, a director of Property Trust, owns 25 per cent of Gillon; Mr Halabi acts as an adviser on international property to the other Gillon shareholders.

Harland Simon set to purchase NEF

Harland Simon, the electronics group where Mr Birol Nadir recently stepped up an interest, is negotiating for the acquisition of NEF, a Swedish manufacturer of components for paper-making machinery, from the UK Scapa Group. NEF had annual sales of around £3m in 1987.

Mountain Dew, Mr Nadir's vehicle, has meanwhile increased its stake in Harland Simon to 20.94 per cent.

Watmoughs up 41%

Capital investment in advanced printing technology and an improved product range helped Wetmougbs (Holdings), colour printer, publisher and process engraver, lift taxable profits by 41 per cent to £2.88m in the first half of 1988.

Mr Patrick Walker, chairman, said the group continued to expand its presence in specialist markets.

Prodnction of the Sunday Times magazine, previously shared with a European group, had been wholly undertaken by Watmoughs since January.

Turnover rose just 8 per cent to £26.47m, although Mr Walker said the total did not fully reflect additional business handled by the group.

Earnings rose to 12.59p (8.99p) and the interim dividend is 2p (adjusted 1.667p).

Broadcast Comms

Substantial progress made by Broadcast Communications in the year ended June 30 1988 led to an upsurge in pre-tax profit from £14,000 to £338,000.

In view of this and the strength of the balance sheet, the board intends to consider paying dividends in the current year.

Business Television made a material contribution, while Braham Hill had a record year, and further progress was made in rationalising the former Edenspring interests.

The company has tendered for television coverage of the House of Commons and other major commissions, and is developing series of its own for sale to broadcasters in the UK and overseas.

Beaufort at £0.64m

Beaufort Group, the heavy machine tool manufacturer which is currently undergoing a reorganisation programme following management changes in April, lifted pre-tax profits from £514,000 to £642,000 in the half-year to end-June.

Turnover was £6.65m (£6.37m). Earnings per 10p share improved to 6.3p (5.1p) and the interim dividend is raised to 1.4p (1.2p).

Buoyant prime markets take Polypipe up 56% to £7.3m

By Fiona Thompson

POLYPIPE, Doncaster-based manufacturer of above-ground and underground plastic plumbing and drainage systems for the construction industry, reports pre-tax profits 56 per cent ahead at £7.29m for the year to June 30 1988.

The advance from £4.68m was made on sales 69 per cent up at £45.59m (£26.9m). Earnings per share rose from 5.41p to 8.02p.

"Our prime markets, in refurbishment and renovation, are extremely buoyant," said Mr Kevin McDonald, chairman. "Sales of plumbing and rainwater goods have continued to grow and we have made significant progress in sales of underground drainage systems. We do not see any signs of a recession or a downturn in the building industry that some people mention."

Polypipe serves 2,000 customers, primarily builders merchants, and claims to have a 20 per cent share of the UK above-ground drainage market and 16 per cent of the underground market. Three-quarters of its business is in the refurbishment and renovation market, the rest in new buildings.

Sales in the Midlands and the north of England increased by 40 per cent during the year and in the south by 70 per cent. Prices rose by between 5 and 10 per cent, to cover increases in raw material costs.

Group capital expenditure rose to £4.9m, involving the purchase of additional land and a substantial programme of investment in production machinery and material handling equipment.

Polypipe is considering possible moves into Europe, either via a joint venture or by acquisition. "Italy, Spain and Portugal are the countries we will target," said Mr McDonald.

Since the year end, the company has acquired Mason Pinder (Toolmakers), an advanced mould tool making and plastic moulding business.

The tax charge was £2.61m, against £1.71m. The recommended final dividend of 1.4p makes 2.1p (1.55p) for the year.

● COMMENT

It has been another good year for Polypipe. Although net margins slipped from 17.2 per cent to 16.2 per cent – mainly due to the expansion into agricultural land drainage with its tighter margins – sales showed good growth, above-ground by 40 per cent and underground by 100 per cent. RMI (repair, maintenance and improvement) is the most buoyant sector of the construction industry, and, even if this slows, as some are predicting, Polypipe is already nibbling away at other peoples' market share. The City is looking for pre-tax profits this year of £10.5m, which puts the shares, 2p up at 136p, on a deserved prospective p/e of just under 12. The question is, how long can Polypipe maintain its rapid growth and its rating? It may have to consider more seriously branching out, either geographically or in terms of product.

MINORCO

Earnings from operations: $104 million, up 58%.

Earnings before extraordinary items: $262 million, up 199%.

Our results for the year to June 30, 1988 have met all expectations. Even our own.

Record earnings from operations are $104 million, up 58%. Adding the equity share of retained earnings from our major investments raised this to $262 million, three times last year's figure. The contribution from our major investments increased significantly.

The planned and timely sale of our interests in businesses which were not strategically relevant to our objective of becoming a world leader in natural resources, brought our net earnings to $775 million.

As a result we have nearly $900 million in cash. Including this and taking our listed investments at market value, our net assets amount to $3 billion or $17.75 per share.

Minorco is clearly a company to watch.

MINORCO

US $ MILLIONS EXCEPT PER SHARE AMOUNTS

	1988	1987
FOR THE YEAR		
Earnings from operations	103.9	65.6
Earnings before extraordinary items	262.3	87.7
Net earnings	774.7	122.0
Earnings before extraordinary items per share ($)	1.54	0.51
Dividends declared per share ($)	0.30*	0.26
AT YEAR-END		
Shareholders' equity	2,371.8	1,811.3
Excess of market value of quoted investments over carrying value	651.7	1,262.0
Net asset value	3,023.5	3,073.3

*Recommended by directors and subject to shareholders' approval

The final dividend for the year to June 30, 1988 of 20 US cents is payable on November 12, 1988 to shareholders of record on October 14, 1988. Copies of the Annual Report may be obtained from the Corporation's headquarters at 68–70 boulevard de la Pétrusse, Luxembourg L-2320, Grand Duchy of Luxembourg, or from the UK transfer agent: Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

THE CONTENTS OF THIS ADVERTISEMENT FOR WHICH THE DIRECTORS OF MINORCO SOCIETE ANONYME ARE SOLELY RESPONSIBLE, HAVE BEEN APPROVED FOR THE PURPOSES OF SECTION 57 OF THE FINANCIAL SERVICES ACT 1986 BY DELOITTE HASKINS & SELLS AS AN AUTHORISED PERSON. THE RULES OF THE SIB REQUIRE A STATEMENT THAT PAST PERFORMANCE IS NOT NECESSARILY A GUIDE TO THE FUTURE.

UK COMPANY NEWS

Short term 'blip' seen by Singer & Friedlander

By David Lascelles, Banking Editor

SINGER & FRIEDLANDER, the City merchant banking and property group, reported pre-tax profits of £9.1m yesterday for the six months to June 30. That was in line with forecasts.

No comparable figures exist for last year because Singer was restructured in 1987 with its reverse into the Gilbert House property company. But the group said that the former Singer & Friedlander companies earned £6.96m, up from £6.42m in the first half of 1987.

Mr Tony Solomons, chairman, said the banking activities, including debt swap operations and corporate finance, had increased their profits, but fund management was down because of the weakness of the markets.

The group also has about £70m in cash reserves, but these have not benefited from the recent rise in interest rates because they were put out for 12 months at fixed rates. The group's commercial properties were expected to benefit from rent reviews early next year.

Mr Solomons said that Singer was confident of the medium to long term prospects and had adopted a policy of building up long term business, particularly by expanding its discretionary private client activities, and its bank lending, though with an eye on quality assets.

He said clients were attracted by Singer's independence at a time when many of the City's institutions had been rolled up into big conglomerates.

In the short term, though, he saw "a blip" because of market uncertainties.

Singer continued to seek opportunities for acquisitions, particularly in the insurance broking sector, though nothing suitable had yet presented itself. The old age care sector is another area where Singer was increasingly active.

Mr Solomons conceded that "we got egg on our faces" through involvement with key figures in the Barlow Clowes affair. Singer helped finance the acquisition by Mr Peter Clowes and Mr Guy Cramer of Buckleys Brewery. But he said Singer's exposure was well secured and he did not expect the group to lose any money.

The group is paying an interim dividend of 0.75p and forecasting a final of 1.25p. The forecast was made "to give people an idea of what we're thinking", said Mr Solomons.

● COMMENT

Singer has made a game start at establishing a new track record in its new form. The underlying operating earnings are up at a time when merchant banks are under pressure, and an effective dividend increase is forecast. But it must be kicking itself for insulating its cash hoard from the recent surge in interest rates. The coming months could see a flattening of profits because of sluggish markets and a deliberate policy of accumulating low yielding private client business in anticipation of the next upturn. But next year will bring rent reviews on the property side. The p/e ratio of 12 is still high by sector standards, despite the stock's recent fall from its speculative high, and the yield on the dividend forecast is a lowish 3.7 per cent.

Silentnight advances 40% in first half

By Andrew Hill

Profits at Silentnight Holdings, the bed and furniture manufacturer, increased by 40 per cent to £4.37m in the six months to July 30, against a restated £3.11m last time.

Turnover rose 24 per cent to £57.4m (£46.2m) and earnings per share advanced 44 per cent to 6p (4.16p).

Mr Christopher Burnett, chief executive, said trading conditions had generally been good in the first half. The group had declared an increased interim dividend of 2.25p (1.75p), he added, as an indication of its optimism about the second half, which includes the strong autumn trading period.

However, he said one or two of the large retailers — for example, the former Harris Queensway — had experienced difficulties in the first half, leading to a reduction in demand, while others had been reducing stocks of furniture in preparation for the new flammability regulations.

Mr Burnett said Silentnight would meet the deadline of November 1, after which manufacturers cannot supply products which do not conform with the regulations.

Production and distribution efficiency in the upholstery operation was adversely affected by the resulting uncertainty and the division's *sales rose only 8.6 per cent* to £11.4m (£10.5m).

The beds division increased sales by 20 per cent to £35.3m.

The addition of Homeworthy last September boosted sales in the cabinets operation from £2.3m to £6.8m in the first half, and the international side increased sales slightly from £3.4m to £3.6m, despite adverse exchange rates.

● COMMENT

Silentnight's second half is traditionally stronger than the first, and analysts are looking for pre-tax profits of more than £11m in the year to January 30. The company itself is also confident, despite the lack of excitement the furniture sector is currently generating in the City, and retailers' caution in advance of the flammability regulations. Silentnight's approach to the bed market, of which it already has a 30 per cent share, is aggressive — this year it is spending £1m more on television advertising than in 1987-88. The group still has about £10m of cash in hand and could be seeking a bedfellow for its core business in the US or continental Europe, although office furniture has been mentioned as another possible area of expansion. A reduction in the 52 per cent family holding in the group would add availability to the other solid attractions of the shares, which stand on a prospective multiple of about 10.5.

Benchmark earnings hit by losses of broking offshoot

By David Waller

Charlton Seal, a Manchester-based firm of stockbrokers which primarily serves private clients, lost £500,000 in the year to the end of June.

This emerged as Benchmark, deposit-taker and mortgage financier which bought Charlton for £6m in February, reported a sharp reduction in earnings for the year. It also announced that it was buying Schavarien & Co., a small London-based broker, for a maximum of £1.08m.

Although pre-tax profits rose from £1.39m to £1.4m, fully-diluted earnings per share fell from 2.29p to 1.53p, reflecting the effects of the Charlton acquisition for shares and a rights issue in the summer of 1987.

At the operating level, the investment division made £914,000 while the banking division made £1.23m. According to Mr Adrian Evans, group managing director, Charlton lost £557,000, mainly in the second half, and is still trading unprofitably.

With joint fee income of around £4m, Mr Evans believes that the combination of Charlton and Schavarien will be better able to cope with the doldrums of the equity market in its present state.

Meanwhile, Benchmark intends to free some capital by reducing its 40 per cent stake in Peter Methley Holdings, a Lloyds' broker.

The interim dividend was pegged at 0.875p.

Elswick progress

Continuing growth and development of Elswick was demonstrated in the group's results for the half year to July 31 which showed a sales advance from £11.7m to £18.78m and a pre-tax profit surge from £403,000 to £923,000.

Earnings were 0.62p (0.43p) and there is an interim dividend of 0.15p.

Mr Bill Cross, chairman, said all companies were making encouraging progress, with the exception of Falcon Cycles. There was a fire at the new plant earlier this month, he explained, and the effect on its performance for the year was uncertain.

Mucklow ahead

Improved rents and trading profit enabled A & J Mucklow Group to lift pre-tax profit by 25 per cent to £7.54m in the year ended June 30.

From its position as the largest owner of factory estates in the Midlands, the group returned net rents of £8.27m (£7.35m). Trading interests of house building and estate development produced turnover of £4.95m (£2.86m) and profit of £1.25m (£545,000).

Earnings rose to 10.91p (8.85p) and a final dividend of 4.605p makes 7.425p (5.94p).

Year-end net asset value jumped from 123p to 177p, mainly reflecting a £26.42m surplus on revaluation of investment properties.

Abingworth assets

Net asset value at Abingworth, venture capital investment company, was 336p at the end of the year to June 30 1988. This compared with 375p at the end of June 1987. At December 31 1987 the figure was 313p.

Total group income for the year was £1.81m (£1.29m). Pre-tax profit fell from £385,219 to £310,398. The proposed dividend is unchanged at 1.25p on earnings per 10p share of 1.2p (1.1p).

Quarto doubles

Quarto Group, acquisitive USM-quoted book and magazine publisher, yesterday revealed pre-tax profits more than doubled to £692,000 for the six months to June 30.

The outcome was achieved on turnover some 73 per cent higher at £7.21m (£4.17m). After tax of £208,000 (£110,000). and minorities £58,000 (£25,000), earnings per share rose to 4.5p (2.7p). The gross interim dividend is a same-again 1.5p.

Royal Sovereign

Royal Sovereign Group, graphics and stationery distribution business, lifted pre-tax profits by 55 per cent to a record £788,000 in the six months to end-June.

Turnover of this Third Market-quoted company formerly known as Abelscot Group, rose from £2.32m to £5.53m.

Earnings per 10p share declined to 9p (11.6p) reflecting a reduced contribution from investment dealing activities.

The interim dividend is set at 1.2p (1p).

Antler ahead

Antler, USM-quoted manufacturer of luggage and travel goods, raised its pre-tax profits from £550,000 to £617,000 for the first half of 1988 on turnover ahead by £0.59m at £6.16m.

Tha interim dividend is being stepped up to 1.4p (1.3p) from earnings of 6.8p (6.1p)

The mainstream luggage division increased both sales and profits although there was a levelling out of demand at the period end. In all, the directors anticipated satisfactory results for the full year.

UK COMPANY NEWS

Yule Catto rises 17.5% to £7.6m

By Clay Harris

THE AIDS-RELATED surge in demand for rubber gloves helped Yule Catto, speciality chemicals, building products and plantations group, to increase pre-tax profits by 17.5 per cent to £7.61m in the six months to June 30.

The interim dividend is raised by 28 per cent to 1.6p (1.25p), twice the rate of growth in earnings per share, which increased to 5p (4.38p).

Mr Alex Walker, chief executive, said sales of natural rubber and pre-vulcanised latex had benefited from the demand for gloves. However, Yule was giving precedence to non-glove customers and was otherwise concentrating on supplying large multinational companies which had the resources to create a lasting presence in the crowded glove market.

Other contributors to a 30 per cent increase in operating profits from speciality chemicals to £6.17m (£4.74m) were synthetic latex and products used as PVC stabilisers. The contribution from Reabrook Holdings, bought after the 1987 first half, was not disclosed.

Profits from building products — specialising in rooflights and large-area glazing — advanced to £1.84m (£1.47m). The Netherlands now accounts for at least a quarter of profits in the division after the acquisition of a third Dutch company, Kimmenade, for an initial £5.1m. Dutch and UK contracting businesses only broke even in the first half.

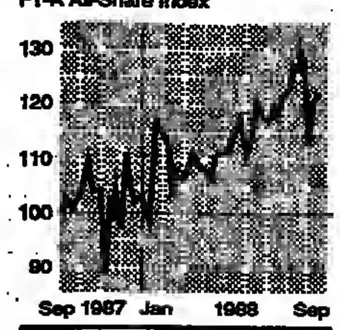
The largest percentage increase in profits came from agriculture and land which accounted for £871,00 (£475,000), boosted by higher prices for rubber and palm oil. Much of the latter crop had been sold forward at "advantageous prices."

Higher commodity prices also contributed to the 38 per cent rise in group turnover to £93.5m (£68m), including Yule's share of associated companies' sales.

The pre-tax advance was limited by a sharp rise in central and finance costs to £1.28m (£872,000), largely because Yule made a £1m profit on the disposal of shares in W Canning, another chemicals company, in the first half of 1987.

Yule Catto

Share price relative to the FT-A All-Share Index



● **COMMENT**

Even though Yule lost last year's battle for Barrow Hepburn, after rival BTP boosted its shares with a claim about the Aids-fighting efficacy of one of its products, the bid was a turning point. Combined with the purchase of Reabrook shortly afterwards, it underlined Yule's focus on chemicals. Most analysts believe Yule still merits further re-rating, but nothing dramatic is likely in the short term. With currency movements as a small caveat, pre-tax profits are on course for £17.5m, putting the shares on a prospective p/e of 11.

Ladbroke US property deal

By Paul Cheeseright, Property Correspondent

LADBROKE, tha hotels, property, betting and retail group, has announced a significant property development deal in Boston, its second US initiative in a fortnight.

The two deals mark both an extension of its US property interests through London & Leeds Development Corporation, its US property unit, and a new approach to the US property market.

In Boston, London & Leeds has entered a joint venture with HN Gorin Associates, a local development company, to construct a central city building with 170,000 sq ft of office space and 10,000 sq ft of retail space and an estimated completion value of $60m (£35.7m).

This follows another deal in the Ballston district of Washington DC, where London & Leeds has joined the Brock Development Company and Gadco to construct 263,000 sq ft of office accommodation and 30,000 sq ft of retail space.

Although London & Leeds has been active in the US since 1981 its previous developments have been undertaken purely on its own account. The group has now adopted a joint venture approach, buying into existing projects with planning consent. This is seen as a way of entering into prime developments at a low initial cost. The funding of the developments is nndertaken by London & Leeds.

Highland shares running of Maltese port

By Kevin Brown, Transport Correspondent

Highland Participants, Mr Peter de Savary's maritime industries group, has agreed with Malta Freeport to operate jointly a new Maltese port.

Highland has signed a 10-year contract creating a joint company to operate and market Marsaxlokk, which is being built by Malta's Government. The port, to be fully operational in April, is aimed at container ships using the Suez Canal and Straits of Gibraltar.

Highland will have a 35 per cent stake in the company, which will be managed by its A & P Appledore Harbours division.

Downturn at GC Flooring

A sharp downturn in the second half left USM-quoted GC Flooring & Furnishings with pre-tax profits of £214,000 for the year to June 30 1988, against £705,000 previously. Turnover dropped from £9.56m to £8.96m.

However, the board was confident that the current year would see a return to much better profitability levels.

Earnings per 10p share dropped from 5.4p to 1.39p, but the directors have recommended a final dividend of 1.2p for a total payment of 2p (1.63p).

Platon near £1m in red

By Fiona Thompson

SHARES IN Platon, the USM-quoted measurement, control and information technology group, were suspended at 81p on Monday night at the company's request after it reported a pre-tax loss of £954,804 for the year to April 1 1988. This compared with a £891,672 profit last year.

Mr Edwin Monger, finance director, said discussions to raise new equity capital were taking place and a further announcement was likely within the next few weeks. He added that the main reason for the loss was a downturn in demand, particularly in the electronics subdivision.

A rationalisation and disposal programme implemented in March saw two electronics subsidiaries – Platon K & N and Platon Electronic Systems – disposed of and a factory closed with the loss of 40 jobs.

Group turnover fell from £10.24m to £7.02m. An exceptional debit of £380,000 (£226,000 credit) related to the costs of closing the factory.

Losses per share of 21.1p compared with 19.5p earnings. There is no final dividend.

Talbex Group

Talbex Group, aerosol filler and coal miner, is to issue 19.94m shares at 22p in part payment for Victoreen, a US company which it agreed to acquire last week. The share issue price was incorrectly stated in the September 16 edition because of a news agency error. Victoreen's latest full-year reporting period was the 53 weeks to January 3, not March 1.

COMPANY NEWS IN BRIEF

AITKEN HUME: chairman warned AGM that the company faced difficult market conditions and short-term trading prospects must therefore be viewed with great caution. At NCR in New York, staff and cost-cutting introduced would mean annual savings of $2.6m. A similar programme in London had resulted in annualised savings of £500,000 at head office.

CAMELLIA INVESTMENTS traded satisfactorily overall in the first half of 1988. Expected that profit from ordinary activities will equal last year; agriculturally orientated companies continue to be affected by weak tea and coffee prices, but have maintained their dividends.

CREDIT FINANCE Bank cut loss from I£1.11m to I£447,000 in first half of 1988. Main factors contributing to result were high bad and doubtful debts and absence of good new business opportunities. Closure of four branches led to significant reduction in overheads. Budget is for profitable trading on a monthly basis at year-end.

ESTATES PROPERTY Investment, controlled by Giltvote. No final dividend, leaving 3p as single payment for year ended April 30 1988 (9p). Gross rents £9.64m (£8.09m) and pre-tax profit £4.19m (£3.77m). Earnings 17.73p (12.86p).

GARDINER GROUP - partial offer by Automated Security (Holdings) and Scantronic Holdings has been accepted in respect of about 72 per cent of the shares and has been declared unconditional.

GUINNESS has purchased a further 5.15m of its own stock units, bringing cumulative purchases by the company to date to 22.21m.

JOVE INVESTMENT Trust: net asset value per income share 51.8p (51.5p), net asset value per capital share 84.71p (116.04p) in six months to August 31. Revenue before tax £633,000 (£570,000) and interim dividend 3.06p (2.847p).

KLEINWORT DEVELOPMENT Fund raised net asset value to 318.5p at the end of July against 263.87p at January 31 and 283.1p a year earlier. Earnings per share for the year to July 31 were 6.78p (5.11p) and a final dividend of 3.75p (3p) is proposed for a total of 5.75p (5p).

KOPPERS, the US aggregates company recently acquired by Beazer, the UK construction company, said it had signed contracts to sell Keystone Environmental Resources, its environmental management business, and Kopvenco, a venture capital subsidiary, for undisclosed terms.

LGW, wholesale distributor of watches, fashion jewellery and fragrances, made pre-tax profit of £140,000 (£102,000) in half year ended June 30 1988, on turnover of £3.48m (£3.44m). Earnings 1.9p (1.4p). Company came to third market in April.

LONDON LIFE Association: its merger with Australian Mutual Provident Society is not to be referred to the Monopolies and Mergers Commission.

MERCHANTS TRUST reported net asset value of 189.1p at July 31, up from the 171.3p of six months earlier but lower than the comparable 217.6p. Earnings per share for six months to end July were 3.75p (3.12p) and tha interim dividend is 3p (2.52p).

NORTHERN INDUSTRIAL Management Trust is holding its dividend at 17.94p for the year ended March 31 1988, with a final of 12.94p. Net taxed profit £231,000 (£223,000) for earnings of 18.89p (18.25p).

SAVE AND PROSPER Return of Assets Investment: Trust had uet assets of £56m at August 31 1988, net asset value per ordinary share was 256p before conversion of warrants and 230p treating the warrants as exercised on that date.

UNITED PLANTATIONS Africa has reported unaudited group turnover up from R2.99m to R6.06m (£1.47m), for the six months to June 30. The group does not give profit and earnings figures for the half-year. It has decided to revert to the policy in force up to 1986 of declaring only a final dividend. During the period under review it exported 955,000 (894,000) cartons of citrus fruits.

WICKES' proposed acquisition of Hunter is not being referred to the Monopolies and Mergers Commission, the offer has been declared wholly unconditional. The partial cash alternative will close on October 1. By September 17 acceptances had been received in respect of 82.28m Hunter ordinary (85.2 per cent). Acceptances for the partial cash alternative have been received for more than 39m uew Wickes ordinary shares.

WILSHAW: of the 7.99m new ordinary offered by way of a rights issue, 4.52m (56.5 per cent) have been taken up.

If Customers Could Talk

When it comes to technology, customers have not had the chance to say much.
After all, what they are getting is leading edge; it's state-of-the-art.
It is as good as it comes.
Customer acceptance, then, is believed to be an open and shut case.
Unfortunately, the process involving the end-user with product development often becomes more shut than open.

The need for an Open Process

Ever since there has been more than one computer manufacturer there's been more than one operating system.
Fair enough.
You can't choose the best system until you have a choice.
In fact, most of us have made several choices. A different system for a different application.
What is needed now is a truly open operating system.
Industry-wide. Worldwide.
Allowing immediate access and flow of information, regardless of computer architecture.

Such an open environment, however, cannot be developed in the isolation of a single vendor's lab. It has to involve as many vendors as possible.
And, it has to involve you.

How in the World can this be done?

Creating a worldwide standard open operating system requires worldwide resources.
Some of the world's biggest names in computer technology have committed to this venture.
They have formed Open Software Foundation.
Their task, though, is not to create yet another computer system, but to provide the forum for the Open Process.
The rest is up to us.

It takes an "Open Environment" to make one

OSF will issue Requests for Technology for the industry in general.
All responses are welcome, from members and non-members alike.

The OSF members, made up of users, vendors, standards bodies, the academic community and government agencies will review proposals based on the industry input.
Initial offering specifications will be produced for our membership to evaluate. And debate.
The open environment technology selected will be based on open dialogue and free exchange of ideas.
The result will be the establishment of an environment that will work for everyone.

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OPEN
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound firm on money data

STERLING WAS stronger in currency markets yesterday, on better than expected money supply figures. Bank lending during August was considerably below expectations, and this tended to bolster overseas confidence in the pound.

The pound's exchange rate index finished at the day's high of 75.6, having opened at 75.3, unchanged from Monday's close. However, sterling failed to make a serious challenge on the DM3.1500 level, still regarded as a key resistance point, finishing at DM3.1425, up from DM3.1375 on Monday.

Sterling rose against the dollar to $1.6860 from $1.6785, and was higher in yen terms at Y225.50 compared with Y224.25. Elsewhere, it finished at SFr2.6550 from SFr2.6500 and FFr10.6850 against FFr10.6625.

A stronger economic base provides overseas investors with a greater incentive to buy sterling, because the alternative - bad lending figures and higher interest rates - carries a much larger exposure to capital loss, should the pound decline.

Attention is now likely to shift to next week's release of UK trade figures for August, when most dealers are looking for an improvement over July's record current account deficit of £2.15bn.

The dollar finished slightly down from its overnight levels, but was little affected by the release of final revisions to second quarter GNP. The latter showed a rise of 3.0 p.c. while the price deflator - a measure of inflation - rose by 5.5 p.c against expectations of a 5.1 p.c. increase.

Investors are reluctant to open fresh positions in the run up to this week's meeting of the IMF, which will include discussions among G7 finance ministers.

The dollar closed at DM1.8640 from DM1.8695 and SFr1.5740 from SFr1.5795. It was also lower against the French franc at FFr6.3375 against FFr6.3525. However it was a little firmer against the yen, mainly on the weakness of tha latter, and closed at Y133.80 compared with Y133.55 on Monday. On Bank of England figures, the dollar's exchange rate index finished at 99.3 from 99.4 on Monday.

Tha D-Mark relinquished early gains against the Japanese yen, but still finished up on the day. The West German unit opened firmer at Y71.88 from Y71.48 on Monday, as investors sold the yen on news of Emperor Hirohito's failing health.

However this was regarded as a short term reaction, and the yen soon recovered, pushing the D-Mark down to Y71.67 by mid-morning. It closed at Y71.78.

Elsewhere, the D-Mark moved slightly firmer against the French franc, and was quoted at FFr3.4000 from FFr3.3980 on Monday. However, there was little pressure on the franc, as investors preferred to await the outcome of this week's meeting of IMF and G7 ministers.

Traders showed little reaction to comments by Mr Karl Otto Poehl, president of the Bundesbank, which claimed that a decline in longer term interest rates reflected the success of recent anti-inflationary measures.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept.20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4650	+2.37	+1.01	±1.5344
Danish Krone	7.85212	7.95166	+1.27	-0.09	±1.5404
German D-Mark	2.05853	2.07309	+0.71	-0.65	±1.0981
French Franc	6.90403	7.04884	+2.10	+0.74	±1.3674
Dutch Guilder	2.31943	2.33922	+0.85	-0.51	±1.5012
Irish Punt	0.768411	0.771921	+0.46	-0.90	±1.6684
Italian Lira	1483.58	1544.94	+4.14	+3.32	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Sept.19	Latest	Previous Close
£ Spot	1.6840-1.6845	1.6785-1.6795
1 month	0.48-0.47pm	0.46-0.45pm
3 months	1.48-1.46pm	1.54-1.53pm
12 months	4.98-4.93pm	5.20-5.17pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

Sept.20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6770 - 1.6875	1.6855 - 1.6865	0.50-0.47cpm	3.45	1.51-1.46pm	3.52
Canada	2.0450 - 2.0580	2.0555 - 2.0565	0.31-0.23cpm	1.58	0.83-0.71pm	1.50
Netherlands	3.53¾ - 3.55	3.53¾ - 3.54¾	1¾-1½cpm	5.72	5¾-5¼pm	6.21
Belgium	65.70 - 66.00	65.85 - 65.95	28-22cpm	4.55	78-68pm	4.43
Denmark	12.01¼ - 12.08	12.07 - 12.08	4½-3¾orepm	4.04	12½-11¼pm	3.87
Ireland	1.1655 - 1.1725	1.1700 - 1.1710	0.42-0.37pm	4.05	1.40-1.32pm	4.65

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

Malaysia	4.4815 - 4.4925	2.6645 - 2.6665
Mexico	3837.80 - 3858.60	2281.00 - 2292.00
N. Zealand	2.7435 - 2.7485	1.6305 - 1.6340
Saudi Ar.	6.3080 - 6.3140	3.7505 - 3.7515
Singapore	3.4290 - 3.4350	2.0380 - 2.0400
S. Af (Cm)	4.1540 - 4.1650	2.4710 - 2.4725
S. Af (Fn)	6.7350 - 6.8720	4.0000 - 4.0815
Taiwan	48.45 - 48.65	28.90 - 29.00
U.A.E.	6.1770 - 6.1825	3.6725 - 3.6735

*Selling rate

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Pleasant surprise lifts prices

LONG GILT and short sterling futures prices rose on the Liffe market yesterday, after the pleasant surprise of good UK economic news.

Trading was very slow during the early morning, with dealers reluctant to take a view ahead of the UK money supply and bank lending data.

Traders were looking for a rise of 0.9 p.c. in sterling M0 money supply for August. The increase of 1 p.c. was therefore not outside the general range of forecasts.

Although this kept the year-on-year rise well above the official target range, at 7.8 p.c., the market's attention had been taken by a much lower than forecast rise in bank and building society lending (M4) during August.

December long gilts, which had opened at 93-13, and touched a low of 93-12, jumped a full point to a peak of 94-12 on the lending news, before closing at 94-11, compared with 93-10 on Monday.

Short sterling for December delivery, showed a similar reaction, holding at 87.54, unchanged from Monday's close, in early trading, and rising to a peak of 87.97, before finishing at 87.93.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
88	624	656	2	4
90	426	502	4	14
92	238	325	16	37
94	111	204	53	116
96	27	110	205	222
98	8	36	350	348
100	2	15	544	527

Estimated volume total, Calls 2002 Puts 1995
Previous day's open int. Calls 16612 Puts 25949

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
82	604	607	14	53
84	418	443	28	125
86	246	324	56	206
88	133	222	143	304
90	49	135	259	417
92	22	63	432	545
94	10	40	620	722

Estimated volume total, Calls 147 Puts 72
Previous day's open int. Calls 6557 Puts 3050

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Oct	Puts-settlements Sep	Puts-settlements Oct
16000	1650	—	0	—
16500	1150	1331	0	16
17000	651	880	1	65
17500	205	507	55	152
18000	16	246	366	431
18500	0	98	850	783
19000	0	32	1350	1217

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 4 Puts 121

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

CURRENCY FUTURES

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
KNP P	Fl. 160	25	1.60	-	-	-	-	Fl. 169.30
NEDLLOYD C	Fl. 230	1	3.50 A	46	11	2	17	Fl. 221.20
NAT.NED. C	Fl. 70	118	0.50	14	1.50	11	2.50	Fl. 63.40
PHILIPS C	Fl. 35	26	0.30	55	1.50	12	2.20	Fl. 32.40
PHILIPS P	Fl. 40	-	-	-	-	132	9	Fl. 32.40
ROYAL DUTCH C	Fl. 240	107	0.90	552	4.80	7	7.50	Fl. 226
ROYAL DUTCH P	Fl. 230	86	6	301	8.50	100	10.50	Fl. 226
UNILEVER C	Fl. 120	560	1.40	151	4.40	27	6.50	Fl. 115.40
UNILEVER P	Fl. 120	771	5.70	18	8.60	-	-	Fl. 115.40
VAN DMMEREN C	Fl. 30	30	0.70 B	112	1.90	29	2.80	Fl. 29.50
VAN DMMEREN P	Fl. 30	-	-	23	1.80	24	2.70	Fl. 29.50

TOTAL VOLUME IN CONTRACTS : 22,173

A = Ask B = Bid C = Call P = Put

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	12	Clydesdale Bank	12	Northern Bank Ltd	12
AAB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	12	Co-operative Bank	*12	PRIVATbanken Limited	12
● Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	13
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	12
Associates Cap Corp	12	Dunbar Bank PLC	12	Roxburghe G'rantee	12½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
● B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Banco de Bilbao	12	Exeter Trust Ltd	12½	● Smith & Willmsn Secs.	12
Bank Hapoalim	12	Financial & Gen. Bank	12	Standard Chartered	12
Bank Leumi (UK)	12	First National Bank Plc.	13	TSB	12
Bank Credit & Comm	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	‡12.75
Bank of Cyprus	12	Robert Fraser & Ptnrs.	12½	United Bk of Kuwait	12
Bank of Ireland	12	Girobank	12	United Mizrahi Bank	12
Bank of India	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of Scotland	12	HFC Bank plc	12	Western Trust	12
Banque Belge Ltd	12	● Hambros Bank	12	Westpac Bank Corp.	12
Barclays Bank	12	Heritable & Gen Inv Bnk	12	Whiteaway Laidlaw	12½
Benchmark Bank PLC	12	● Hill Samuel	§12	Yorkshire Bank	12
Berliner Bank AG	12	C. Hoare & Co.	12		
Brit Bk of Mid East	12	Hongkong & Shangh	12		
● Brown Shipley	12	● Leopold Joseph & Sons	12		
Business Mtge Tst	12½	Lloyds Bank	12		
Cl. Bank Nederland	12	Meghraj Bank Ltd	12		
Central Capital	12	McDonnell Douglas Bnk	12.5		
● Charterhouse Bank	12	Midland Bank	12		
Citibank NA	12	Mount Banking Corp.	12		
		Nat Bk. of Kuwait	12		

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MONEY MARKETS

UK rates decline

SENTIMENT IMPROVED on the London money market yesterday, after publication of the August UK money supply and bank lending figures.

Interest rates eased, with three-month interbank falling to 12$\frac{1}{16}$-11$\frac{15}{16}$ p.c. from 12¼-12$\frac{1}{8}$ p.c., following news that bank and building society lending (M4) rose only £5.8bn, compared with a revised rise of £9.2bn in July. Dealers generally expected the August rise to be little changed from the previous month.

UK clearing bank base lending rate
12 per cent
from August 25 & 26

The rise in seasonally adjusted M0 money supply was roughly in line with expectations.

The better mood of the market was edged with caution however, as dealers look for further signs that the economy has not veered off course. Next Tuesday's August trade figures will provide a further test of confidence.

The Bank of England initially forecast a money market shortage of £100m, but revised this to a flat position at noon, and to a surplus of £100m in the afternoon.

The authorities did not operate in the market before lunch, but in the afternoon sold £90m Treasury bills due tomorrow, at a rate of 10¼ p.c.

Bills maturing, repayment of late assistance, and a take-up of Treasury bills added £65m to liquidity, with a fall in the note circulation adding £60m. These factors were offset by Exchequer transactions draining £205m, and bank balances below target of £15m.

In Frankfurt the West German Bundesbank announced a tender for a two-tranche securities repurchase agreement, combining a fixed and variable rate pact.

The market will be asked to bid for 35-day funds, at an unchanged fixed rate of 4.25 p.c., with further money available through a 63-day tranche, at no minimum bid rate.

The terms were in line with expectations, and were regarded by dealers as a sign that there will be no change of credit policy at tomorrow's regular Bundesbank council meeting.

The central bank is expected to fully replace the DM18.1bn draining from the market, as an earlier agreement expires.

Forecasts for the allocation of funds at the fixed rate tender ranged from DM10bn to DM12bn, with some DM6bn to DM8bn being provided via the variable rate tranche.

It is also regarded as possible that the Bundesbank will withdraw money provided through state-owned banks last Friday at 4.85 p.c., and offset this by providing a higher allocation at the securities repurchase tender.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Anderson Ornn Unit Tst Mgrs Ltd (1200)F

62 London Wall, London, EC2R 700 01-638 1200

Growth Tst	5	182.8	188.0	192.8	-	-
High Income Tst ♥	5	38.29	38.70	41.17	-	5.45
Intl Recovery Acc	5	38.79	40.11	43.13	-	1.32
Intl Recovery Inc	5	28.29	29.26	31.46	-	1.32

Anthony Wieler Unit Tst Mgmt Ltd (1000)F

19 Widegate St, London E1 7HP 01-377 1010

Growth Income	5	102.1	106.7	111.4	....	1.4
Do Accum	5	143.6	147.2	156.6	....	1.4
Quarterly Income	5	52.07	53.67	57.10	....	7.0

Arkwright Management (1400)F

1 King St, Manchester M60 3AH 061-832 0242

Growth Sept 20 ♥	5	90.60	90.60	96.38	-0.61	2.32
Income Sept 20 ♥	5	45.34	46.08	49.02	+1.15	5.02

Buckmaster Mangmt Co Ltd (1200)H

The Stock Exchange, London EC2P 2JT 01-588 2868

Emerging Gwth	5	57.87	59.37	62.99	....	1.75
(Accum Units)	5	58.31	59.81	63.46	....	1.75
Fellowship Tst	5	58.11	59.73xd	63.37	....	1.88
(Accum Units)	5	59.22	60.87xd	64.58	....	1.88
General Inc	5	249.5	249.5	263.8	....	3.25
(Accum Units)	5	412.1	412.1	435.8	....	3.25
Income	5	130.4	134.9	143.1	....	4.70
(Accum Units)	5	245.8	254.0	269.5	....	4.70
International	5	105.0	105.0	111.0	....	1.80
(Accum Units)	5	142.2	142.2	150.4	....	1.80
Smaller Co's	5	94.56	96.89	102.8	....	1.83
(Accum Units)	5	102.7	105.3	111.7	....	1.82
Inv Portfolio	2½	46.49	47.99	49.49	....	4.00

London & Manchester (Tst Mgmt) Ltd (1000)H

Winslade Park, Exeter EX5 1DS 0392 282673

American	5	50.14	50.49	52.37	-0.16	0.8
General	5	46.87	97.12	50.02	-0.11	3.7
Income	5	42.29	42.71xd	43.34	+0.02	6.1
International	5	35.16	35.49	37.67	-0.21	0.4
Japan	5	50.10	50.34xd	61.44	-0.75	-
Tst of Inv Trusts	5	34.63	35.64	37.83	-0.07	2.0

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN; IGIO.

FT 30	FTSE 100	WALL STREET
Sep. 1419/1428 +7	Sep. 1760/1770 +8	Sep. 2082/2094 -1
Dec. 1433/1442 +7	Dec. 1777/1787 +8	Dec. 2088/2100 -2

Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD

CROSSWORD

No. 6,739 Set by DANTE

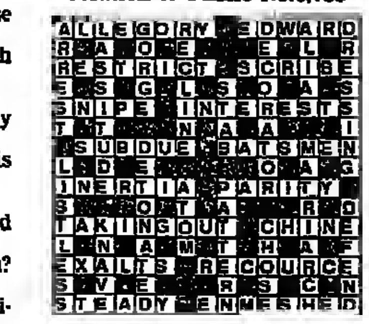
ACROSS

1 Throw a line to one in trouble (6)
4 Head dancer? (6)
8 Regular soldier? (7)
9 Nimbleness of soldier in Italy on manoeuvres (7)
11 Signify some wind high in the Alps (10)
12 Bill received in connection with port (4)
13 Fruit drink very quietly swallowed (5)
14 Work back to back on location across the way (8)
16 Bills prepared for posting (8)
18 Has to make professions of loyalty (5)
20 Agnes loses heart and grows old (4)
21 They hold liquid, of course (4,6)
23 Roamed the street with ready change (7)
24 Notice a wild flower (7)
25 Old magistrates, unusually severe (6)
26 Napping, the general is swallowed by a snake (6)

DOWN

1 Deposit a jacket and hood (5)
2 The easiest dance to learn? (3-4)
3 Quiet sort of arboreal animal (5,4)
5 Jason's craft heads north in the atmosphere (5)
6 Salerno becomes a French city (7)
7 To begin with it is an internal inflammation (9)
10 Converted soul comes here – to face lions? (9)
13 Reptile giving a girl a lot of trouble (9)
15 Looks out for chances of success (9)
17 Fall of rotter in lawsuit (7)
19 New Aintree apprentice (7)
21 There's relief when it is unsuccessful (5)
22 Legal way to prevent a gathering of poets (5)

Solution to Puzzle No.6,738



GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ – 0001 to 1100 hours; ♦ – 1101 to 1400 hours; ♣ – 1401 to 1700 hours; ♠ – 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or −	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
252 High Holborn, London WC1V 7EB 01-405 8441				
Prop. Dist. (Gross)	174.5	183.7	+0.1	—
Prop. Acc. (Gross)	282.5	297.4	—	—
Equity (Gross)	640.0	673.7	+0.9	—
Managed (Gross)	461.8	486.2	+0.2	—
Prop. Acc. (Net)	130.6	137.3	—	—
Equity (Net)	150.5	158.5	+0.1	—
Managed (Net)	142.5	150.0	—	—
Internat'nal (net)	130.6	137.5	−0.1	—
Gilt & Fxd Interest	99.1	104.4	−0.1	—
Money Fund	100.9	106.2	—	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	436.2	459.2	−1.3	—
Ret Man (Series 2)	148.0	155.8	−0.4	—
Ret Man (Series 3)	97.3	97.3	−0.3	—
Ret Cash	124.8	131.4	—	—
Ret Cash (Series 3)	102.3	102.3	+0.1	—
Phoenix Assurance Co Ltd				
Phoenix House, Redcliff Hill, Bristol 0272 294941				
Life Assurance Funds				
Wealth Assd.	384.2	404.3	......	—
Eb'r Ph. Eq	329.4	350.5	−16.1	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	165.4	174.1	+0.2	—
International Acc.	141.7	149.1	−0.5	—
Property Acc.	148.2	156.0	......	—
Fixed Interest Acc.	154.4	162.5	−0.3	—
Money Acc.	144.1	151.6	......	—
Bldg. Soc. Link Acc.	140.9	148.3	......	—
Special Mnged. Acc.	131.3	159.2	−0.3	—
Phoenix/Framlington				
Intnl. Growth Acc.	88.60	93.20	+0.60	—
Am. Smllr. Cos. Acc.	89.80	94.50	−0.20	—
Capital Tst. Acc.	170.6	179.5	—	—
Japan & Gen Acc.	189.5	199.4	−3.2	—
American Turn. Acc.	98.70	103.8	−0.7	—
Recovery Tst. Acc.	177.1	186.4	+0.6	—
Special Mngd Acc.	147.9	155.6	−0.4	—
Phoenix/GT				
International Acc.	133.0	139.9	−1.1	—
US & General Acc.	87.65	92.30	−1.10	—
Amer Spec Sits Acc.	67.90	71.40	−0.20	—
Japan & General Acc.	191.1	201.1	−4.4	—
Far East & Gen. Acc.	135.1	142.2	−2.7	—

	Bid Price	Offer Price	+ or −	Yield Gross
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ 0256 470707				
UnO Fund	874.5	918.2	−1.0	—
Equity Fund	196.9	206.7	−0.5	—
International Fd	132.3	138.9	+0.2	—
Fixed Interest Fd.	147.7	155.1	+0.1	—
Property Fund	172.7	181.3	......	—
Index-Linked Fund	124.3	130.7	+0.3	—
Deposit Fund	130.1	136.6	+0.0	—
Pens. Mixed (Ord) Fd.	201.8	211.9	+0.2	—
Gold Pensions				
Discretionary Fund		97.8	−0.1	—
Equity Fund		96.0	−0.2	—
Fixed Interest Fund		100.7	−0.2	—
International Fund		98.9	+0.1	—
Property Fund		100.0	......	—
Index-Linked Fund		101.5	+0.2	—
Deposit Fund		101.8	+0.0	—
S & F Consolidation		99.9	+0.1	—
S & F Balanced		96.6	−0.4	—
S & F Maximum Growth		93.9	+0.4	—
Provident Mutual Life Assc. Assn.				
William Rd, Hitchin, Herts SG4 0LP 0438 739000				
Managed Ord.	281.4	296.2	+0.2	—
Managed Init.	231.7	243.9	+0.3	—
Equity Ord.	389.4	409.9	+0.5	—
Equity Init.	320.7	337.6	−0.4	—
Index Linked Gilt Ord.	123.2	129.7	—	—
Index Linked Gilt Init.	106.0	111.6	—	—
Overseas Equity Ord.	256.6	270.1	−1.7	—
Overseas Equity Init.	211.3	222.4	−1.4	—
Property Ord.	172.4	181.5	—	—
Property Init.	142.0	149.5	—	—
Fixed Interest Ord.	168.0	176.8	+0.4	—
Fixed Interest Init.	138.3	145.6	+0.2	—
Deposit Ord.	136.0	103.2	—	—
Deposit Init.	112.0	117.9	—	—
Pension Funds				
Managed Ord.	339.2	357.1	−0.4	—
Managed Init.	279.3	294.0	−0.4	—
Equity Ord.	486.0	511.6	−0.7	—
Equity Init.	400.2	421.3	−0.6	—
Pen Ind Lkd Gilt Ord.	132.9	139.9	—	—
Pen Ind Lkd Gilt Init.	114.3	120.3	—	—
Overseas Equity Ord.	291.0	306.3	−2.2	—
Overseas Equity Init.	239.7	252.3	−1.8	—
Property Ord.	202.1	212.7	—	—

	Bid Price	Offer Price	+ or −	Yield Gross
Royal Heritage Life Assurance Ltd—Contd.				
Natural Resources	134.4	141.5	−0.4	—
Selected Opportunities	112.7	118.7	−2.9	—
Managed	110.7	116.6	−0.2	—
Broker Managed				
OFC Stockbroker Fund	111.9	117.8	+0.8	—
UFC Stockbroker Cp Gth.	80.5	84.8	......	—
Monitored Inv Port.	150.4	158.4	......	—
BTL Portfolio	112.2	117.1	......	—
Paramount Inc Gth Fd.	100.7	106.1	......	—
Gardener IMP	118.2	124.3	......	—
Aquarius Inv PF	136.1	143.5	......	—
Jones Baker	146.0	154.6	......	—
Charles Stanley	334.7	352.4	......	—
Bestdown	164.1	172.9	......	—
Sikala Mng. GEF	121.6	128.0	......	—
Sikala Mng. HIF	128.4	138.8	......	—
Aldra Growth	139.5	146.7	......	—
Do. Inc.	137.9	145.2	......	—
Ascot. Mngd Fund	112.0	117.9	......	—
Ascott Inc Portfolio	112.2	118.2	......	—
Nowtley Universal Mng.	98.0	103.2	......	—
H&B Mngd Portfolio	163.9	172.6	......	—
NIC Mngd Bond	99.8	105.1	......	—
South Yorks Mangt.	118.1	124.4	......	—
City Capital Bond	123.2	129.7	......	—
Birchwood	125.0	131.6	......	—
Slade Investments	55.1	58.1	......	—
Flex. Inv. Planning	107.1	112.8	......	—
Invest. Mktg. Services	100.3	105.6	......	—
P. W. Intl. Portfolio	148.8	156.7	......	—
Hardwick Inv. Mngt.	96.0	101.1	......	—
The Ivy Grwth Fd.	95.0	100.0	......	—
Baltic Prem Portfolio	95.0	100.0	......	—
Ch.Bond	122.0	128.5	......	—
Sterling Cap Grwth.	83.2	87.6	+1.2	—
Comserpit Swift Fund	48.8	51.4	......	—
Redcliffe Inc & Gth.	98.6	103.8	−0.7	—
Gibbs Hartley Mgd Ptfl.	78.5	82.7	+0.4	—
Andrews Green Inv Ptfl.	90.0	94.8	......	—
Stonleigh Inv Man Bd.	139.6	147.0	......	—
Chelsea Inv Port.	43.2	45.5	+0.1	—
Derek Gardiner Mng.	85.9	90.5	......	—
GLJ Managed Fnd.	86.7	91.3	+0.1	—
PEP Inv Port.	93.9	98.9	......	—
Western Counties Mng.	111.8	117.7	......	—
Saunders French Gth.	93.6	98.6	......	—
Ortby & Co Mng Fd.	111.2	117.1	+0.8	—
YRA Portfolio	81.9	86.3	......	—

	Bid Price	Offer Price	+ or −	Yield Gross
Scottish Widows' Group—Contd.				
Pens. Mixed Fd. Ord.	332.5	350.1	−0.2	—
Pens. Equity Fd. Ord.	398.8	419.9	+0.3	—
Pens. Prop. Fd. Ord.	237.9	250.6	+0.1	—
Pens. Int. Fd. Ord.	312.9	329.5	−1.6	—
Pens. Fxd Int. Fd. Ord.	271.5	285.7	+0.0	—
Pens. Ind. Stk. Fd Ord.	133.1	140.2	−0.4	—
Pen. Cash Fd. Ord.	195.8	206.2	+0.1	—
PM Man	1423.5	1423.5	−3.3	—
PM St. Ex.	1446.8	1446.0	−3.7	—
PM Prop.	222.3	222.3	+0.0	—
PM Pens Protection	101.4	101.4	+0.4	—
PM Cash	216.9	216.9	+0.1	—
Ex Unit Acc.	611.6	631.5	......	—
Shield Assurance Ltd				
40 Uxbridge Rd, W5 2BS 01-567 0700				
Shield Life Mngd.	103.3	108.9	......	—
Shield Pensions Mngd.	106.4	112.2	......	—
Shield Secure	97.0	101.9	......	—
Shield Secure Pens.	98.2	103.28	......	—
Skandia Life Assurance Co Ltd (z)				
Frobisher Hse, Nelson Gte, Southampton 0703 334411				
Skandia Life Funds				
Managed Fd.	230.3	242.6	+1.2	—
Equity Fd.	272.5	286.8	+1.6	—
International Fd.	221.4	233.0	+1.3	—
Gilt Plus Fd	193.9	204.1	+0.9	—
Property Fd.	186.2	195.9	+0.1	—
Deposit Fd	175.6	104.8	+0.1	—
North American Fd.	115.9	121.9	+0.7	—
North European Fd.	178.3	107.6	+0.8	—
Int. Recovery Fd.	152.2	160.2	−0.2	—
Pacific Fd.	175.8	185.0	+0.2	—
Skandia Fidelity Funds				
American	95.0	99.9	−0.6	—
American Equity Inc.	89.9	94.6	−0.2	—
American Special Sits.	93.0	97.0	+0.7	—
Australia	77.9	82.0	−1.4	—
Eastern Opps.	92.0	96.8	+0.1	—
European	135.7	142.8	+1.1	—
European Income	91.2	96.0	+0.5	—
Famous Names	71.4	75.1	+0.2	—
Far East Income	115.9	122.0	—	—
Gilt & Fxd Interest	101.6	106.9	+0.1	—
Global Convertible Tst.	91.8	96.6	—	—
Growth & Income	107.5	113.1	−0.2	—

	Bid Price	Offer Price	+ or −	Yield Gross
Sun Life of Canada (UK) Ltd				
Basing View, Basingstoke, RG21 2DZ 0256 841414				
Maple Leaf Plans				
Growth Account		823.6	......	—
Managed Account		467.3	+3.1	—
Equity Account		617.2	+4.9	—
Managed Fd. Accum.	221.2	232.8	+1.5	—
Equity Fd. Accum.	278.9	292.7	+2.8	—
Property Fd. Accum.	207.3	218.3	−0.2	—
Fixed Int. Fd. Accum.	180.5	190.0	+0.2	—
Intnl. Fd. Accum.	274.2	288.6	+4.9	—
Money Fd. Accum.	145.2	152.8	+0.1	—
Index-Ld. Sec. Fd. Accm.	128.4	135.2	+1.3	—
Pension Plans				
Pers. Pens. Account		931.5	......	—
Pens. Mgd. Acc—Fd Accm.	433.5	456.4	......	—
Pens. Equity Fd. Acc.	160.0	168.5	......	—
Pens. Prprty. Fd. Acc.	164.3	173.0	......	—
Pens. Fixed Int. Fd Acc.	144.8	152.5	......	—
Pens. Int. Fd Acc.	125.6	132.2	......	—
Pens. Money Fd Acc.	133.4	140.5	......	—
Pens. Ind-Inkd Sec Acc.	111.3	117.2	......	—
Pens. Gtd. Fd. Acc.	134.8	141.9	......	—
Ual. Pens. Mgd Acc. Fd. Acc.	99.7	105.0	......	—
Ual. Pens. Equity Fd. Acc.	97.4	102.5	......	—
Ual. Pens. Property Fd. Acc.	120.0	126.4	......	—
Ual. Pens. Fixed Int Fd. Acc.	99.9	105.2	......	—
Ual. Pens. Int. Fd. Acc.	99.7	104.9	......	—
Ual. Pens. Money Fd. Acc.	101.5	106.8	......	—
Ual. Pens. Ind. Lnkd. Sec. Acc.	106.4	112.0	......	—
Ual. Pens. Gtd. Fd. Acc.	103.4	108.8	......	—
Sun Life Unit Assurance Ltd				
St James Barton, Bristol BS99 7SL 0272 426911				
Managed Acc.	476.4	501.5	......	—
Property Acc.	296.3	311.9	+0.2	—
Equity Acc.	671.2	706.6	−0.7	—
Fixed Interest Acc.	231.7	243.9	+1.0	—
Index-Linked Acc.	117.2	123.4	—	—
Cash Acc.	201.3	211.9	......	—
American Equity Acc.	190.2	200.3	−1.4	—
O.S. Bonds Acc.	118.6	124.9	−0.8	—
Japan Acc.	272.1	286.5	+0.7	—
Pacific Acc.	135.1	142.3	−1.5	—
Far Eastern Acc.	433.9	456.8	−1.5	—
International Acc.	305.7	321.8	−0.7	—
U.S. Dollar Acc.	92.5	97.4	+0.2	—
Yen Acc.	130.9	137.8	+0.4	—

	Bid Price	Offer Price	+ or −	Yield Gross
Drummond Moores Plc				
1 Maddox Street, London W1R 0DE 01-439 1061				
Pub Man Fd (Target Pen)	72.8	75.8	......	—
DMC Pvte Fd Sten Pension	142.3	149.7	+0.4	—
First Financial Services PLC				
One Mitre Sq, London, EC3A 5AN 01-283 2500				
Private Fund Accum (z)	135.8	143.0	......	—
The Fitzgrade Group				
2nd Flr, 23 Maddox St, London, W1 01-409 1337				
Prudent Fund (Skhz)	90.3	95.0	+0.1	—
Gartmore Fund Managers Ltd				
Safeguard, underwritten by General Portfolio Life Ass. Admin. 0992 31971. Enq. 01-623 1212				
Safeguard Fund	20.7	22.5	+0.1	—
Hinton Hill (L. & P.) Ltd				
1 The Crescent, Leatherhead, KT22 8DH 0372 377811				
HH Balanced Gwth.	88.1	92.7	+0.2	—
HH Managed	76.5	80.6	......	—
HH International	85.4	90.1	−0.1	—
HH Actively Managed	97.7	102.8	−0.3	—
Hurstminster Financial Services (CY) Ltd				
HFS NEL Mngd Fd.	97.4	102.5	+0.1	—
HFS Skandia Mngd Fd.	152.8	160.8	+0.7	—
HFS GRE Mngd Fd.	111.8	117.7	+0.4	—
HFS Scot Life Mngd Fd.	119.8	126.2	+0.5	—
HFS Sun Allnce Mngd.	100.4	105.7	+0.3	—
HFS Sun All Int Mgd.	$1.11	1.19	......	—
HFS M & G Mngd Acc.	79.9	84.0	+0.1	—
HFS M & G Mngd Cap.	54.1	56.9	−0.2	—
HFS Generali Mngd Fd.	115.5	119.5	......	—
HFS Target Mngd Fd.	104.2	104.7	−1.1	—
HFS Roy Int Mgd.	94.3	101.4	......	—
Investment Portfolio Services Ltd				
15 Manchester Sq., London W1M 5AE 01-486 0177				
IPS Investment Bond Managed Fd				
IPS Bond Fd.	161.9	170.5	−0.5	—
IPS Global Growth Fd.	93.0	97.7	......	—
IPS Masterfund		123.5	......	—
IPS Secure Gth Fnd.	82.1	86.5	......	—
Specialists in Acc Port.	139.8	147.2	−0.8	—

	Bid Price	Offer Price	+ or −	Yield Gross
Capital House Fund Mngrs. (C.I.) Ltd				
PO Box 189, Capital Hse, Bath St., St. Helier, Jersey				
Tel: 0534 74689 (Dealing) 0534 75639 (Helpline)				
Facsimile: 0534 79040 Telex: 4192136				
Capital House International Growth Funds Ltd ♦				
Equities				
UK Equity	£0.90	0.95	—	—
North American	$1.32	1.40	−0.01	—
Japanese	$1.43	1.53	−0.02	—
Pacific Basin	$1.78	1.89	—	—
Continental European	$1.59	1.68	—	—
Gold	$1.27	1.34	—	—
Bonds				
Sterling Bond	£1.20	1.28	—	—
International Bond	$1.43	1.72	—	—
Currencies				
£ Sterling		£18.06	—	10.52
US$		$16.18	—	7.42
Japanese Yen		Y5238	+1	3.62
D Marks		DM51.55	+0.01	3.29
Swiss Francs		SF45.12	+0.01	2.52
Fr Francs		FFr190.52	+0.06	7.00
Ecu's		Ecu23.11	+0.02	4.40
Managed				
Intl Portfolio	$1.42	1.50	—	—
Managed Currency	$1.67	1.76	—	—
Cater Allen Investment Management (CI)				
Cater Allen House, St Helier, Jersey, CI 0534 78898				
CA Gilt Income	88.43	8.82	—	13.01
CA Gilt & Futures	1098.08	1154.09	—	6.93
CA Equity Growth	£10.97	11.80	+0.22	3.39
CA Dollar Inc.	$10.10	10.11	—	5.93
Citibank (CI) Ltd "Citifunds"				
Green Street, St Helier, Jersey, CI 0534 70334				
Liquidity Funds				
Deutschmark		DM24.031	+0.002	—
Yen		Y2498.488	+0.288	—
Sterling		£8.131	+0.002	—
Swiss franc		SFr22.833	+0.001	—
US dollar		$14.567	+0.003	—
Managed		$14.572	+0.004	—
Short term Investment Funds				
SWF Sept. 13		SFr151.642	+0.071	—
Irish £ Sept. 15		83.564	+0.199	—
US $ Sept. 15		$11.925	+0.021	—
Equity Funds				

	Bid Price	Offer Price	+ or −	Yield Gross
Kleinwort Benson (Guernsey) Fd Mngrs Ltd				
PO Box 44, Guernsey CI 0481 27111				
KB Gilt*	£13.38	13.44	−0.03	9.98
KB Int. Jp. Bd Fd. Inc.*	£8.36	8.53	—	5.35
KB Sterling Asset*	£23.67	23.875	+0.035	—
Flexifinch U.S. Growth		$12.56	—	—
* Offer prices quoted are exclusive of preliminary charge				
Lloyds Bank (CI) U/T Mgrs.				
PO Box 195, St Helier, Jersey 0534 27561				
Lloyds Tst. Gilt	10.09	10.10	......	10.95
Dealing weekly on Wednesday				
MIM Britannia International Limited				
PO Box 271, MIM Britannia Hse, Grenville St				
St Helier, Jersey CI 0534 73114				
Jersey Gilt	£0.185	0.187	—	12.08
£ Mng Currency	£10.490	17.330	+0.030	4.15
Intl High Income	$2.372	2.503	+0.001	5.06
American Gwth.	£1.275	1.371	−0.004	—
Australian Perform.	£0.870	0.935	−0.005	—
Capital Deposit	£34.13	34.14	—	—
Pioneer Markets	£2.054	2.209	−0.013	—
Minerals, Oils Res. Shrs. Fd. Inc.				
PO Box 525, St Helier, Jersey 0534 76077				
Mores September 15	$11.50	11.74	......	2.75
NM Schroder Financial Mgmt Intl Ltd				
Box 273 St Peter Port, Guernsey 0481 28750				
Mngd. Currency	£6.345	6.646	+0.002	4.87
NM Portfolio Selection Fund Ltd				
Conscientia	£0.892	0.945	+0.002	0.00
Far East Gwth.	$0.859	0.915	−0.007	0.00
Smaller Co's	£0.946	1.006	−0.002	2.15
Special Sits.	£0.929	0.988	+0.005	0.80
Intl Bond	$0.891	0.947	+0.001	6.34
American Fund	$1.336	1.434	−0.009	1.52
American Smaller Cos.	$1.069	1.137	+0.011	0.40
Australian Fund	£1.367	1.454	−0.018	6.05
British Fund	£1.224	1.302	−0.002	3.03
European Fund	£1.520	1.615	−0.006	0.37
Gold Fund	£0.636	0.676	−0.002	0.59
Hong Kong Fund	£1.369	1.456	−0.015	2.34
International Fund	£1.176	1.248	−0.020	0.21
Japanese Fund	£2.345	2.494	−0.020	0.80
Japan Smaller Cos.	£2.708	2.880	−0.031	0.00
Singapore & Malaysian	£0.784	0.833	−0.022	0.90

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	1988 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	Redemption 3pc 1986-96	[illegible]	.....	[illegible]	—
[illegible]	[illegible]	Treas 9½pc '88	[illegible]	.....	[illegible]	11.30
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	[illegible]	11.44
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	[illegible]	11.41
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	[illegible]	0 57
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	[illegible]	11.36
102	[illegible]	Exch. 10pc 1989	[illegible]	[illegible]	[illegible]	11.21
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	[illegible]	11.14
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	[illegible]	9.85
[illegible]	[illegible]	Exch 10½pcCv '89	[illegible]	[illegible]	[illegible]	10.96
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	[illegible]	10.48
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	[illegible]	10 45
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	[illegible]	10.62
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.30	9 07
[illegible]	[illegible]	Treas 8½pc 1987-90‡‡	[illegible]	[illegible]	[illegible]	10.74
[illegible]	[illegible]	Treas. 8pc Cv 1990 ‡‡	[illegible]	[illegible]	8.25	9.81
[illegible]	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	10.10	10.58
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2 85	8.75
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.49	10.58
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.33	9.91
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3 47	0.87
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.10	10.40
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10 85	10.48
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.57	10.49
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.98	10.39
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.11	10.37
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	[illegible]	10.40
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	[illegible]	10.38
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	[illegible]	8.61
[illegible]	[illegible]	Exch. 12¾pc '92	[illegible]	[illegible]	[illegible]	10.39
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	[illegible]	10.41
[illegible]	[illegible]	Treas 8¾pc 1993	[illegible]	[illegible]	[illegible]	10.33
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	[illegible]	10.27
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	[illegible]	10.34
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]	[illegible]	[illegible]	9 04

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1988 103.3 and for August 1988:107.9

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
27½	22¾	Texas Instr. $1	24⅝	+⅛	72c	–	1.0
69	43¾	Time Inc. $1	69xd	+5⅛	$1.00	–	0.9
21⅛	15⅞	Transamerica $1	21⅛xd	+⅛	$1.84	–	3.1
20⅛	14½	TRINOVA Corp.	16xd	.....	64c	–	2.3
19	15¼	USX $1	16⅝	+⅛	$1.20	–	4.2
23	17⅝	Utd. Technologies	22⅜xd	–⅛	$1.60	–	4.2
33½	26¼	US West§	33	–⅛	$3.52	–	6.3
24⅛	16⅞	Waste Management $1	24⅛xd	+⅛	48c	–	1.2
16⅞	12⅞	Whirpool $1	15	.....	$1.10	–	4.3
32⅞	18¼	♥Woolworth $3½	31⅞	–⅛	$1.64	–	3.1

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp §	[illegible]	–6	–	–	–
32p	11p	♥Abbot Energy Corp.	[illegible]	.....	–	–	–
14¼	916p	♥Amer. Barrick Res.	[illegible]	–11	–	–	–
10p	3p	American Lightwave	[illegible]	–½	–	–	–
47p	12p	♥Armeno	[illegible]	–1	–	–	–
76p	44p	Augmitto Expln.	[illegible]	+2	–	–	–
14¼	10⅜	Bk. Montreal §	[illegible]	–⅛	$2.00	–	7.0
732p	514p	Bk. Nova Scot. §	[illegible]	+6	76c	–	3.0
18⅜	15¼	BCE §	[illegible]	.....	$2.44	–	6.6
716p	591p	♥Bow Valley§	[illegible]	–12	440c	–	3.0
13⅝	10½	♥Brascan§	[illegible]	.....	88c	–	3.4

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

High	Low	Stock	Price	+ or -	Div Net	Cvr	Gr's	P/E
116	68	Seacon Hldgs.... γ	100	...	21.0	-	1.3	-
15½	11	Sonic 7 ½ or 2½p.... γ	11	-½	-	-	-	14.4
27	18	Stats Hldgs. 5p .. γ	25	...	-	-	-	4
4½	2¼	Swanyard Studios 1p γ	3¼	+¼	-	-	-	4
298	200	Takare. γ	271	..	b1.0	8.1	0.5	27.8
70	41	Theme Holdings .. γ	64	-1	41.1	◆	2.2	◆
36	26	Tomorrows Leisure 20p γ	30	+1	-	-	-	4
25	13½	Tullow Oil 10p ... γ	18	...	-	-	-	-
135	110	UPL Group 10p..... γ	110	...	L2.41	4.3	2.9	13.0
182	120	Unit Group.. ..... γ	170	+2	5.0	◆	3.9	4
125	85	Video Tape Rec 5p. γ	110	.....	L2.3	2.3	2.8	15.8

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	70	.....
Craig & Rose £1.. γ	690	.....
Finlay Pkg. 5p.... γ	86	.....
Holt (Jos) 25p..... γ	£11½	+¼

IRISH

Cap. 0½% Ln. 1991....	£98⅝	.....
9pc Cap Ln. 1996..	£100	+¼
Fin. 13% 97/02....	£129	+½
Arnotts.............. γ	350	.....
Carrol Inds..... .. γ	156	-3
Grafton Grp......... γ	127	.....
Hall (R. & H.)......	159	.....
Helton Hldgs........ γ	57	+1
Irish Ropes.......... γ	163	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	14
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	15
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	30
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	15
TI	28
TSB	4
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45
Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50
Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	48
Premier	7½
Shell	95
Ultramar	26
Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday September 20 1988: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Mon Sep 19 Index No.	Fri Sep 16 Index No.	Thu Sep 15 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (210)	763.49	+0.7	11.00	4.33	11.25	20.19	758.37	761.21	763.09	981.72
2	Building Materials (29)	950.65	+0.5	12.34	4.55	9.98	24.47	945.99	949.14	958.41	1210.69
3	Contracting, Construction (37)	1512.43	+0.1	11.65	3.72	11.18	34.17	1510.97	1514.07	1518.81	1833.88
4	Electricals (12)	2112.67	+1.4	9.52	4.86	12.85	54.89	2083.18	2075.59	2082.84	2512.11
5	Electronics (28)	1650.86	+0.8	10.78	3.76	11.93	40.48	1638.25	1648.68	1671.42	2061.10
6	Mechanical Engineering (58)	397.87	+0.7	10.55	4.46	11.73	10.62	394.96	396.54	397.75	522.21
8	Metals and Metal Forming (7)	469.53	+0.9	10.36	4.12	11.94	10.06	465.15	467.68	463.80	569.16
9	Motors (16)	269.20	+0.9	12.12	4.91	9.52	7.80	266.79	266.91	264.69	398.69
10	Other Industrial Materials (23)	1295.97	+0.7	9.84	4.72	11.97	41.77	1284.64	1290.73	1283.62	1736.80
21	CONSUMER GROUP (185)	1037.79	+0.8	9.66	3.86	13.05	20.44	1029.89	1033.97	1032.90	1350.79
22	Brewers and Distillers (21)	1080.72	+0.7	10.93	3.81	11.54	22.90	1072.81	1077.41	1072.64	1209.32
25	Food Manufacturing (21)	944.23	+0.6	9.36	3.99	13.57	18.91	938.95	933.62	932.23	1013.86
26	Food Retailing (16)	1838.80	+0.5	9.38	3.63	14.06	38.76	1829.34	1821.42	1835.12	2486.16
27	Health and Household (12)	1811.60	+1.3	7.16	2.72	16.12	18.01	1788.81	1801.59	1804.28	2635.04
29	Leisure (30)	1319.75	+0.7	9.33	3.88	13.74	29.60	1310.55	1313.84	1309.81	1415.51
31	Packaging & Paper (17)	504.29	+1.5	10.38	4.27	12.37	13.89	497.03	495.36	494.24	674.57
32	Publishing & Printing (18)	3293.37	+1.1	8.98	4.66	13.90	74.44	3256.50	3275.24	3300.57	4782.58
34	Stores (34)	746.65	+0.5	11.16	4.46	11.79	16.36	742.57	747.13	739.82	1118.33
35	Textiles (16)	505.97	-0.2	13.67	5.47	8.59	12.69	506.87	533.84	539.16	871.81
40	OTHER GROUPS (93)	866.91	+0.5	11.54	4.61	10.58	21.98	862.37	863.79	866.94	1157.19
41	Agencies (19)	1021.79	+0.6	8.87	2.74	14.26	18.23	1015.93	1015.21	1018.17	1721.77
42	Chemicals (21)	1030.74	+0.4	12.37	4.95	9.70	36.09	1026.87	1030.49	1036.87	1507.55
43	Conglomerates (13)	1185.17	+0.2	10.67	4.56	10.81	24.92	1182.75	1176.96	1180.54	1478.28
45	Shipping and Transport (12)	1816.75	+0.5	12.03	5.10	10.98	37.93	1808.16	1811.42	1816.61	2387.65
47	Telephone Networks (2)	931.77	+0.6	11.92	4.78	10.88	20.38	925.92	928.17	925.41	1070.95
48	Miscellaneous (26)	1179.90	+0.9	11.93	4.59	9.55	36.88	1169.57	1193.39	1192.43	1725.51
49	INDUSTRIAL GROUP (488)	931.98	+0.7	10.54	4.19	11.78	21.48	925.72	928.74	929.85	1217.31
51	Oil & Gas (12)	1757.33	+0.1	10.76	6.35	11.90	76.00	1755.77	1777.22	1780.44	2229.79
59	500 SHARE INDEX (500)	1001.90	+0.6	10.57	4.50	11.80	26.04	996.00	1000.52	1001.80	1383.33
61	FINANCIAL GROUP (121)	672.70	+1.0	–	5.26	–	22.38	666.08	664.50	665.50	863.62
62	Banks (8)	654.73	+1.2	21.86	6.67	6.13	30.77	646.85	642.55	643.53	864.06
65	Insurance (Life) (8)	1008.83	+1.5	–	5.22	–	36.93	994.20	999.83	1001.30	1183.18
66	Insurance (Composite) (7)	526.14	+1.4	–	5.94	–	18.56	518.90	513.88	513.16	675.59
67	Insurance (Brokers) (7)	921.17	+0.6	10.41	6.91	12.44	44.40	916.03	919.93	912.39	1180.40
68	Merchant Banks (11)	324.14	–	–	4.42	–	8.09	324.29	325.28	325.80	493.58
69	Property (50)	1155.00	+0.7	5.76	2.83	22.24	16.10	1147.53	1149.91	1156.72	1332.41
70	Other Financial (30)	356.96	+0.4	10.69	5.54	11.76	10.71	355.70	354.36	353.54	580.64
71	Investment Trusts (78)	897.61	+0.3	–	3.15	–	15.68	894.72	896.48	895.12	1174.55
81	Mining Finance (2)	525.72	-0.1	11.48	3.98	9.65	15.67	526.46	525.15	526.11	685.79
91	Overseas Traders (8)	1198.67	+2.6	9.96	4.74	11.73	35.31	1167.87	1164.83	1168.65	1263.04
99	ALL-SHARE INDEX (709)	918.57	+0.7	–	4.56	–	24.73	912.59	915.49	916.63	1190.52

	Index No.	Day's Change	Day's High	Day's Low	Sep 19	Sep 16	Sep 15	Sep 14	Sep 13	Year ago
FT-SE 100 SHARE INDEX ♦	1772.1	+12.2	1772.8	1760.2	1759.9	1766.7	1769.3	1765.1	1756.3	2334.8

FIXED INTEREST

	PRICE INDICES	Tue Sep 20	Day's change %	Mon Sep 19	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	118.44	+0.40	117.98	–	9.35
2	5-15 years	134.90	+0.73	134.21	0.29	9.71
3	Over 15 years	144.28	+0.89	142.94	–	11.09
4	Irredeemables	166.06	+1.01	164.41	–	8.84
5	All stocks	132.00	+0.65	131.31	0.35	9.84
	Index-Linked					
6	5 years	127.50	+0.13	127.34	–	1.81
7	Over 5 years	121.16	+0.26	120.85	–	2.65
8	All stocks	121.51	+0.25	121.21	–	2.57
9	Debentures & Loans	115.44	-0.05	115.50	–	7.82
10	Preference	88.62	-0.50	89.06	–	4.36

	AVERAGE GROSS REDEMPTION YIELDS		Tue Sep 20	Mon Sep 19	Year ago (approx.)
	British Government				
1	Low	5 years	9.94	10.07	9.41
2	Coupons	15 years	9.59	9.70	9.65
3		25 years	9.28	9.37	9.54
4	Medium	5 years	10.34	10.50	10.08
5	Coupons	15 years	9.84	9.94	9.91
6		25 years	9.55	9.63	9.76
7	High	5 years	10.47	10.63	10.16
8	Coupons	15 years	9.96	10.07	10.08
9		25 years	9.52	9.62	9.78
10	Irredeemables†		9.20	9.38	9.76
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.39	3.44	3.35
12	Inflation rate 5%	Over 5 yrs.	3.91	3.92	4.02
13	Inflation rate 10%	5yrs.	2.24	2.28	3.34
14	Inflation rate 10%	Over 5 yrs.	3.73	3.74	4.02
15	Debs &	5 years	11.59	11.62	11.66
16	Loans	15 years	11.32	11.32	11.47
17		25 years	11.18	11.15	11.34
18	Preference†		10.18	10.13	10.77

♦Opening index 1761.6; 10 am 1760.5; 11 am 1760.5; Noon 1765.3; 1 pm 1765.7; 2 pm 1766.3; 3 pm 1767.8; 3.30 pm 1772.2; 4 pm 1772.0

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	108	1	3
Corporations, Dominion and Foreign Bonds	12	7	31
Industrials	447	275	880
Financial and Properties	177	96	390
Oils	20	31	55
Plantations	0	1	12
Mines	52	41	100
Others	62	88	129
Totals	878	540	1,600

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§145	F.P.	-	173	145	Christie Group 2p	165		13.5	3.1	2.8	15.1
§40	F.P.	-	41	38	Exmoor Dual Inv. Tst.	38		1.2	-	4.1	-
§100	F.P.	-	100	100	Do. Income 100p	100		6.9	-	9.2	-
120	F.P.	-	151	123	National Telecom 5p	140	-1	12.0	4.1	1.9	13.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

- First Dealings Sep 12
- Last Dealings Sep 23
- Last Declarations Dec 8
- For settlement Dec 19

For rate indications see end of London Share Service

Stocks dealt in for the call included Standard Chartered, Aran Energy, Sears, Consolidated Gold Field, North Kalgurli, WA Holdings, Trusthouse Forte and Cowan De Groot. Puts were arranged in FKI Babcock and Coloroll, while Glynwed and RHM were dealt in for the double.

LONDON TRADED OPTIONS

[illegible]

September 20 Total Contracts 28,676 Calls 20,544 Puts 8,132. FT-SE Index Calls 1549 Puts 2253. *Underlying security price.

RIGGS NATIONAL CORPORATION USD 100,000,000 FLOATING RATE SUBORDINATED NOTES 1996

In accordance with provisions of the Notes, notice is hereby given that for the period 20 September 1988 the Notes will carry a rate of interest of 8 [illegible] pct per annum with a coupon amount of USD 216.44.

Chemical Bank
As Agent

Riggs National Corporation USD 60,000,000 Floating Rate Subordinated Notes 1996

In accordance with provisions of the notes, notice is hereby given that for the period 20 September 1988 to 20 December 1988 the notes will carry a rate of interest of 8 [illegible] pct per annum with a coupon amount of USD 218.02.

CHEMICAL BANK
AS AGENT

ANNOUNCEMENTS

THE COMMISSION OF THE EUROPEAN COMMUNITIES

IMPORTANT NOTICE

CANDIDATES WHO HAVE BEEN ADMITTED TO THE FOLLOWING COMPETITIONS:

COM/A/621,622,623,624
EUR/A/17,18

AND WHO, DUE TO THE POSTAL STRIKE HAVE NOT YET BEEN CONTACTED, THE WRITTEN EXAMINATIONS FOR THESE COMPETITIONS WILL BE HELD AT:

HARROW LEISURE CENTRE
Christchurch Avenue
Harrow, Middlesex HA3 5BD

AND

THE UNIVERSITY OF EDINBURGH
ADAM HOUSE
5, Chambers Street
Edinburgh

ON 23 AND 24 SEPTEMBER AT 08.30 (CANDIDATES ARE REQUIRED TO ATTEND BOTH DAYS)

PLEASE BRING PROOF OF IDENTITY

DFL 75.000.000,-
Floating Rate Serial Notes due 1989/90/91

FRIESCH-GRONINGSCHE HYPOTHEEKBANK N.V.

(Incorporated with limited liability in the Netherlands)

FGH

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from September 19th 1988 to March 17th, 1989 the Notes will carry an interest rate of 5⅞ percent per annum.

The interest payable on the relevant date, March 17th, 1989 against coupon no. 6 will be Dfl. 292,12.

Agent Bank
NCB BANK
NEDERLANDSE CREDIETBANK nv

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LONDON STOCK EXCHANGE

Markets ahead on money supply data

Account Dealing Dates			
First Dealings:	Sep 5	Sep 19	Oct 3
Option Declarations:	Sep 15	Sep 29	Oct 13
Last Dealings:	Sep 16	Sep 30	Oct 14
Account Day:	Sep 26	Oct 10	Oct 24

*New time dealings may take place from 9.00 am two business days earlier

THE UK money supply and bank lending data for August proved better than the market expected, at least at first glance, and both Government bonds and equities responded optimistically yesterday. However, the City's considered judgement was that while the substantial fall in M4 lending to £5.8bn is encouraging, it is too early to celebrate any relaxation in interest rate pressures.

Government bonds, led by sharp gains in the London International Financial Futures Exchange bond contracts, closed with gains of a point and more, although traders warned that retail interest was disappointing.

Equities bounced higher on the money supply news, but found it hard to maintain their gains until a firm pound and a steady opening on Wall Street gave London a further boost in late dealings.

The FT-SE Index closed 12.2 higher at 1772.1, virtually the best of the day. Turnover remained disappointing at only 309.2m Seaq-traded shares, despite contributions from a number of special situations.

The stock market opened steadily but could make no progress ahead of the money supply announcement. Nervousness over domestic interest rates was kept on the boil when three major UK mortgage companies, Abbey National, Halifax and Nationwide, pushed mortgage rates up sharply to 12.75 pc.

The tone was helped by a favourable response to trading reports from major companies. Glaxo turned sharply better on US buying as London brokerage views of Monday's profits statement crossed the Atlantic - notably an upgrading by Fleming Securities, relayed in New York by its sister securities firm, Eberstadt Fleming. Substantially higher interim profits boosted Tarmac, the major construction and building group.

The equity market gained confidence towards the close when a strong bond sector was backed up by late firmness in sterling, and share prices ended with widespread gains.

Government bonds ended the session in good form despite the reservations expressed on the money supply numbers by many analysts, who commented that the surge in consumer borrowing seems unabated.

The bond market will continue to watch sterling, and the London money market rates, as it awaits the UK trade figures for August, due next Tuesday.

The key long dated bond, Treasury 11¾ pc 2003-2007 gained just over a point to close at 114¾, bringing the yield down to 9.84 pc, comfortably under the 10 pc testing mark. The shorter dates added between ¼ and ⅜. Index-linked (IL) were subdued, putting on only ¼ of a point or so, suggesting some slackening in inflation concerns.

FINANCIAL TIMES STOCK INDICES

	Sep 20	Sep 19	Sep 16	Sep 15	Sep 14	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.07	86.50	86.62	86.81	86.90	86.60	91.43 (18/4)	86.28 (2/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.67	95.62	95.61	95.63	95.49	92.21	98.97 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1429.9	1418.6	1422.5	1422.0	1418.5	1831.8	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	168.1	164.4	173.8	176.4	176.6	447.7	212.5 (7/1)	164.4 (19/9)	734.7 (15/2/83)	43.5 (26/10/71)

Ord. Div. Yield	4.84	4.84	4.83	4.83	4.81	3.19
Earning Yld % (full)	12.15	12.20	12.17	12.18	12.15	7.81
P/E Ratio (Net)(c)	9.98	9.94	9.97	9.96	9.99	15.66
SEAQ Bargains (5pm)	17,545	17,796	22,372	18,838	18,623	35,829
Equity Turnover (£m)†	-	748.65	1356.50	933.64	1098.71	2006.66
Equity Bargains†	-	18,323	24,338	20,695	19,102	44,424
Shares Traded (ml)†	-	295.5	432.4	351.8	324.8	631.1

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1424.4	1419.6	1430.9	1423.8	1424.3	1424.6	1425.8	1430.0

DAY'S HIGH 1430.5 DAY'S LOW 1418.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. * Nil 9.90 †Excluding intra-market business.

S.E. ACTIVITY

Indices	Sep 19	Sep 16
Gilt Edged Bargains	82.5	73.6
Equity Bargains	125.1	157.7
Equity Value	1513.6	2136.1
5-Day average		
Gilt Edged Bargains	76.5	75.2
Equity Bargains	133.3	127.3
Equity Value	1938.7	1873.9

● London Report and latest Share Index: Tel. 0898 123001

Lonrho buyer revealed

Several weeks of speculation ended yesterday when Lonrho, the diversified UK trading conglomerate, announced late in the day that the mystery buyer of its shares has been identified as Asher B. Edelman, the New York corporate raider. Some 17m shares, or 3.78 per cent of the group's equity, have been bought by Mr Edelman and associated companies through a Geneva-based bank.

The shares bounded 28 to 297p amid intense activity and excitement because Lonrho officially said that Mr Edelman was continuing to purchase shares. Volume rose sharply, exceeding the levels described recently as extraordinary, to total 12m shares. One marketmaker thought Mr Edelman unlikely to make an outright offer for the group and more likely to pass the stake on to someone else. "But you can't discard the possibility that he won't bid", said another trader.

Clyde fund raiser

Clyde Petroleum, one of the dwindling band of UK independent oil companies, sprang a major surprise on the market by unveiling the $250-plus acquisition of the Dutch energy interests of Newmont Mining; to be partly funded by a £121m rights issue.

Clyde shares fell sharply on the news and closed the session a net 9½ down at 118½p, despite accompanying interim results well up to market expectations.

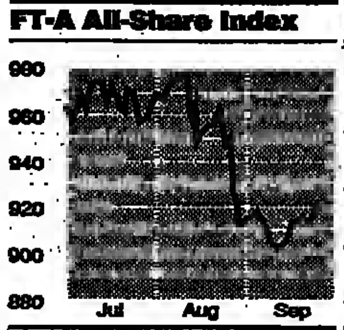
Holders of some 43 per cent of the shares have indicated they will take up their rights. A sector analyst said the move by Clyde looked "a sensible deal, they are paying slightly over the odds; but in the oil and gas market at the moment you have to pay for good quality assets".

Tarmac mark time

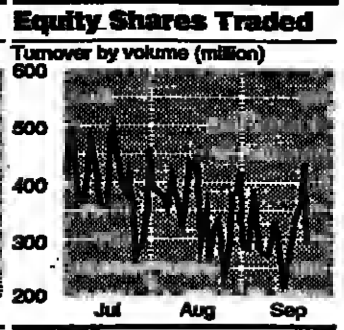
Against a backdrop of rising interest rates and increased building and land costs, bumper interim figures from the building materials and construction group Tarmac met with a relatively muted response yesterday. But after a good two-way trade, the bulls eventually won the day and the shares closed 3 higher at 226p after volume of some 4m.

The figures were some 50 per cent up at £125m, from £83.2, and were accompanied by a confident statement on prospects. Although Tarmac's interests ara diversified throughout the building sector, housebuilding is reckoned to account for around 40 per cent of the group's profits. This tempered the markets' reaction.

FT-A All-Share Index



Equity Shares Traded



Rembrandt confusion

A misreading of the reasons for the suspension in the Johannesburg stock market of shares in Rembrandt, the major tobacco and industrial group, brought intense activity in both Rothmans International and Consolidated Goldfields in London yesterday.

Rothmans jumped 16 to 425p as London at first took the view that Rembrandt might be about to dispose of its Rothmans stake – it was later confirmed that Rembrandt's suspension was the forerunner of the publication of the prospectus of Compagnie Financiere Richemont (CFR), the new Swiss holding company for the Rembrandt foreign interests.

The Rembrandt move also stimulated renewed interest in Consolidated Goldfields which has been rising this week in London on hopes of a bid from South Africa. ConsGold, jointly with Rembrandt, holds a stake in Gold Fields of South Africa (GRFS), and speculators thought the Rembrandt suspension might be a move towards disposal of the tobacco group's interest in GFSA. However, ConsGold slipped back from the day's best to finish only 3 up at 1078p.

The market's good performance bypassed the oil sector again despite a marginal firming in crude oil prices. "We may still be on red alert and waiting for the next big move in this sector, but there is precious little business around" said one dealer.

British Gas found a measure of support and hardened to 165½p after turnover of 7.7m. The Tokyo listing is scheduled for tomorrow week. BP old and new edged up to 247p and 143½p respectively, albeit in extremely thin turnover, with the MMC decision on the Kuwait Investment Office stake said to be imminent.

Lasmo, raided last week by British Gas, were barely changed at 571p (on turnover of 1.3m), while Enterprise ran back 7 to 673p as 2.1m shares changed hands.

Ultramar was one area where there was keen interest, particularly via one securities house. The share prices of both classes of stock – old and new – marked heavy activity with 3.5m old changing hands and turnover in the new reaching 6.3m. The old settled 2 down at 235p and the new a penny off at 57½p.

Business in Glaxo expanded noticeably (some 3.4m shares changed hands) as the majority of analysts responded favourably to the preliminary figures. Interest was also enlivened by the group's plans to buy back its own shares. Dealers reported domestic and US demand which left Glaxo showing a rise of 26 at 1012p.

Talk in the market of another buy circular on the banks, triggered by the prospect of higher interest rates, underpinned the big-four. Lloyds led the sector higher, closing 7 better at 300p while NatWest added 5 at 546p.

Standard Chartered, meanwhile, continued to attract persistent buying on stories that the bank could well attract a Far Eastern predator - possibly Bank of China – and the shares jumped 15 more to 540p.

The life assurance sector was alive with stories of imminent European-sourced takeover developments and stake-building exercises. Sun Life attracted yet more buying interest from overseas with traders speculating that Belgium's Group AG could well have been adding to its stake (last notified as being 6.24 per cent); Sun Life recently announced a tie-up with French group UAP.

Other stocks targeted as liable to attract takeover interest included London and Manchester, which jumped 8 to 298p, and Abbey Life, which raced up 6 to 310½p. Pearl, where Australian Larry Adler has a substantial stake, rose 5½ to 475p. Refuge were outstanding late in the session, and surged ahead to close 22 better at 437p. Britannic Assurance holds a 7.29 per cent stake in Refuge.

Commercial Union improved throughout the session on suggestions that West Germany's Deutsche Bank could be interested in acquiring the 9 per cent stake held by the Adsteam Group of Australia. GRE, another potential takeover target according to dealers, gained 5 more to 188½p.

Guinness refrained from buying-in its shares yesterday, after picking up 1.9m the previous day, and trade fell to a meagre level. The group has shareholders' approval to purchase 83m shares and, so far, has acquired a grand total of 24.1m. Scottish & Newcastle went 5 higher to 340p. The brewery sector's biggest mover was Boddington; ahead of the first-half results, due tomorrow, a flurry of support lifted the shares 12 to 150p.

The Stores sector perked up after the money supply figures hinted that interest rates might stay at their current level, and most shares gained a few pence.

The one notable exception was Sears, the sector's bid-favourite of the past few weeks. Although turnover was again high – 6.2m – the shares lost 4 to 129p. Marketmakers and analysts now appear convinced that a bid for Sears is not going to materialise.

This feeling is backed up by a new circular on the sector from analysts at County NatWest WoodMac. They believe speculation in stores stocks is on the way out as the race for retail space tails off. As the circular concludes, "Watch the rumours fade in the face of the realities of retail competition, the end of the property boom and the impact of high interest rates."

Among the second-line stores Goldberg improved 7½ to 230p on the news that Australian investment vehicle Charterhall has increased its stake in the Scottish retail group to 25.3 per cent.

The front-line electronics issues made rapid progress in mid-afternoon with dealers citing stock shortages as responsible for much of the late gains. Cable & Wireless rose sharply to close 11 higher at 372p, although turnover was only 2.1m shares. Plessey, up 4 at 154p, and STC, 3 higher at 265p, also reflected bear closing, as did Thorn EMI, 12 to the good at 626p.

But Ferranti attracted genuine institutional buying and moved up 3½ to 88p with SEAQ turnover accelerating to 3.9m shares.

BICC continued its recent strong run, moving up 7 more to 354p with talk of a takeover bid from France still circulating in the market.

Pearson reacted smartly to close 19 down at 716p as the market reassessed the possibility of a hostile bid from Reed Group. Pearson announced yesterday that its subsidiary Camco has agreed to acquire the Reda Group pump division and associated cable business of TRV Inc. for $303m.

Unigate enjoyed a good run on press speculation that US group Kraft Products might launch a bid at around 350p a share. In a thin market the suggestion was enough to propel the shares 6½ higher to 273½p in good two-way business. After a recent lean time Unigate are due a rise, remarked one dealer. Mr Michael Bourke, analyst with Prudential-Bache, also believes the group has turned a corner, and thinks the shares worth buying because of the company's stability and its speculative and recovery potential.

Laporte moved up 12 to 411p as dealers attempted to square book positions awaiting today's interim figures. Warburg Securities are looking for profits of £40m.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]
Blue Arrow 5p	1,200	90½	+1
Blue Circle £1	19	423	+1
Boots	1,200	215	+2½
British Airways	92	153	
Brit. Aerospace 50p	473	449	+4
Brit. & Comm. 10p	491	219	+1
British Gas	7,500	165	+½
British Land	222	319	+4
Brit. Petroleum	1,600	246½	+½
British Telecom	1,200	233½	
Burmah O	42	511	
Burton Group 50p	214	196	+2
Cable & Wireless 50p	2,100	372	+11
Cadbury Schweppes	1,600	373½	+½
Coats Viyella	1,400	178	
Comm. Union	1,100	339	+5

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. 50p	1,800	495	+5
GUS A	124	£10¼	
GRE 5p	2,300	188½	+5
GKN £1	641	315	+3
Guinness	419	308	
Hammerson 'A'	126	630	
Hanson	2,100	142½	+1
H'ne'ns. Cns. O	16	618	
Hawker Siddeley	442	508½	+7½
Hillsdown Hldgs. 10p	564	263	
IMI	245	198	+1½
Imp. Chem. £1	532	£10¼	
Inchcape	143	195	-1
Jaguar	299	242	+1
Ladbroke 10p	959	427	+1

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]
Pearl 5p	673	475	+5½
P & O Defd £1	1,200	541	+7
Pilkington 50p	826	196	+3
Plessey	1,299	154	+4
Prudential 5p	2,900	152½	+2
Racal Electronics	2,800	291	-1½
Rank Org	364	653	+5
RMC	196	452	+4
RHM	223	387	+3
Reckitt & Colman	222	864	+8
Redland	116	393	+2
Reed International	770	407	+7
Reuters 'B' 10p	251	467	+3
RTZ 10p	995	420	-1
Rolls Royce 20p	1,100	126½	+½

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]
TSB	379	99½	+1
Tarmac 50p	4,000	226	+3
Tate & Lyle £1	127	838	+1
Tesco 5p	671	135	+1
THORN EMI	945	626	+12
Trafalgar Hse 20p	626	325	+3
Trusthouse Forte	2,300	259½	+1½
Ultramar	3,400	235	-2
Unilever 5p	375	462	+4
United Biscuits	213	276	+1
Utd. Newspapers	347	392	+6
Wellcome	791	482	+2
Whitbread 'A'	327	389	+4
Williams Hldgs.	392	364	+4
Wimpey (Geo)	373	225	+1
Woolworth Hldgs.	386	247	

Mid-term profits at Kwik-Fit, the auto-parts retailer, came out above the market range at £9.8m and the shares progressed as forecasts for the full year were revised. One analyst to stay with his original assessment was Mr Charles Allen, sector analyst at County NatWest WoodMac. He was already on the high side of the City average with his estimate of £22m for the current year but has now raised his forecast for next year to £29m. Both figures include profits from property development.

Kwik-Fit has increased market share against a difficult background, says Mr Allen, and with benefits yet to come through of the recent French acquisition the shares, up 4½ further at 111p yesterday, remain a good long-term buy.

Evans Halshaw came good after a persisteot reaction from the late-August high point of 350p. BZW issued a strong buy signal that month and sees no reason to alter its view. Two brokers were trying to pick up lines of stock yesterday and the price rose 15 to 320p.

Among quiet Property stocks the slide in Local London continued after negative press comment over the weekend. By the close the shares were 35 lower at 408p. One marketmaker commented; "I think everyone has decided at the same time that they don't like the company and that now is the time to get out."

A late flurry of buying pushed Frogmore Estates 6 higher to 402p after property trading group Markheath Securities revealed that it now holds 7.1 per cent of Frogmore's equity. Markheath remained unchanged on 67p. West Midlands-based Mucklow Group jumped 11 to 175p after announcing a 25 per cent rise in full year profits to £7.5m.

M&G, the unit and investment trust group, responded more strongly to hopes of Australia's Bond Corporation raising its stake and closed 8½ higher at 352½p.

A quiet day by recent standards on the Traded Options market ended with 28,676 contracts reported, the bulk of which – 20,544 – were call options. Best performing stocks of the day were Trusthouse Forte with 3,861 contracts, and Consolidated Gold Fields with 1,988.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 44

NEW HIGHS AND LOWS FOR 1988

[illegible] Corp., TW Services, Time Inc., Waste Mngmt., CANADIANS (1) Bank Nova Scotia, STORES (1) Liberty, ELECTRICALS (2) Ericsson (L.M.), Thermal Scientific, FOODS (1) Tate & Lyle BRG 1989, INSURANCE (2) Alex & Alex, Trade Indemnity, LEISURE (2) Capital Radio, Radio City A, PAPERS (1) Crown Commns., SHIPPING (1) Gotaas, TEXTILES (1) Gaskell Broadloom, TRUSTS (2) Murray Smaller Mkts B, Gen. Oriental, OILS (2) Hamilton Oil, Pako Oil, OVERSEAS TRADERS (1) Lonrho.

NEW LOWS (43).

CANADIANS (4) Am. Barrick Res., Armeno, Goodome Res., Gt. Pac. Res., BANKS (2) [illegible] (2) Personal Comps., Qostel, Synapse Computer, ENGINEERING (1) Dale Grp., FOODS (1) ASDA Grp., INDUSTRIALS (4) Intereurope Tech., Kleen-E-Ze, Sale Tilney, Shiloh, PAPERS (1) Norton Opax 5¼pc. Prf., PROPERTY (2) Local London, Southend Stadium 5½pc. Prf., SHIPPING (1) Ocean Trans., SHOES (1) FII Grp., TEXTILES (1) Stoddard, TRUSTS (5) English Nat. Inv. Prf., RIT Capital, Baillie 7pc. Cv. Rd. Prf., Perpetual, Smith New Court Cv. Prf., OILS (2) Caspen Oil, Cluff Res., MINES (9) Leslie, Elsburg, Libanon, Free State Dev., Joel (H.J.) Gold, Loraine, Unisel, Genbel, Welkom Gold, THIRD MARKET (1) Eglington Expln.

APPOINTMENTS

Board posts at Dowty subsidiary

DOWTY GROUP has appointed a new board to run CASE Communications UK, the new member of its information technology division. The board includes Mr Bruce Ralph, deputy chief executive of Dowty, Mr Reg Moore, finance director of Dowty, and Mr Bruce Brain, managing director of Dowty's information technology division. Mr Peter Burton, formerly chief executive of Case, remains as a non-executive director of Dowty's information technology division.

■ COALITE GROUP is appointing Mr Peter B. Dungworth as company secretary on September 30. He succeeds Mr Frank Clifford who is retiring. Mr Clifford is a director of Coalite Fuels & Chemicals and Charringtons Industrial Holdings.

■ T&N GROUP had made the following appointments: Dr Ken Humphris has been appointed a director of TBA Industrial Products and general manager of its composites division. He was previously business manager, composites. Mr Brian Lindsay, European business manager, clutches, at Ferodo, has been made a director of that company from October 1.

■ HUGIN GROUP has

Mr David Cross has been appointed sales director of POLYCELL PRODUCTS. He was national accounts sales manager with Beecham Bovril Brands.

appointed Mr Brian Lloyd as managing director of Hugin Sweda, its UK subsidiary. He joins from Thorn EMI Micrologic. Mr Charles Green, who has been acting managing director of Hugin Sweda, reverts to his previous position as director customer services and has been appointed deputy managing director.

■ At SUPERDRUG Mr Colin Carter, Mr Bharat Chandaria, Mr Peter Maw, Mr Brian Nicholls, Mr Glen Sherwood, Mr Mike Travis and Ms Georgina Wrist have become senior associate directors.

■ Ms Diane Pogson has been appointed group accountant for SKIPTON BUILDING SOCIETY. She joined the Society from Prospect Foods where she was group accountant/administration manager.

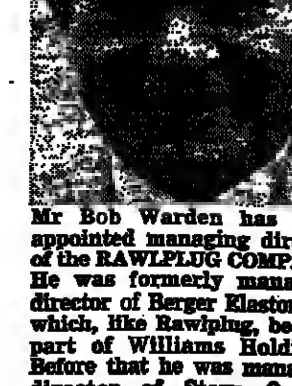
■ ARK SECURITIES, the European markets specialist, owned by Banque Nationale de Paris, has appointed Mr Anthony Orsatelli, as managing director. He succeeds Mr Adrican Cowell who becomes chairman. Mr Orsatelli joins Ark from BNP capital markets division where he was deputy to the head of the international department.

■ Sir William Barlow, chairman of BICC, is to remain in that role until December 1991.

■ HILL SAMUEL PROPERTY SERVICES, part of the Hill Samuel Investment Management Group, has appointed Mr Richard Day, Mr Alistair Dixon, Mr Michael Ewing and Mr James Owen to the board.

■ GEORGE OLIVER (FOOTWEAR) has appointed Mr Louis Oliver as merchandise director. This will encompass buying and stock control and their integration into one department. Mr Ray Barrows has been appointed services director with responsbility for the data processing department, warehousing and transport.

■ RICHARDS LONGSTAFF (INSURANCE) has reorganised the UK division into three



Mr Bob Warden has been appointed managing director of the RAWLPLUG COMPANY. He was formerly managing director of Berger Elastomers, which, like Rawlplug, became part of Williams Holdings. Before that he was managing director of Stern Omsat, within GKN's hardware and distribution, having held various management positions with GKN Mills and the Carborundum Company.

separate divisions. Mr Colin Fellows is in charge of the commercial division and Mr Geoff Sherman the private & estates division. Mr Ken Shelton and Mr David Taylor are joint directors in charge of agency. Mr Chris Dunsmore has become a divisional director of the UK agency division.

■ Mr James L. Waters, founder of Waters Associates Inc, has been made a director of OROS SYSTEMS.

COMMODITIES AND AGRICULTURE

Coffee prices rise sharply as quota talks continue

By David Blackwell

COFFEE PRICES rose sharply in London yesterday as the International Coffee Organisation (ICO) talks on next year's global export quota continued.

The three-month robusta contract on the London Futures and Options Exchange (Fox) closed £38 a tonne higher at £1,142 a tonne, the highest level since June 17.

Traders said that once the price had reached £1,125 a tonne, good follow-through buying emerged. Commission house purchases and a firmer opening in New York helped the upward trend. Although volume was fairly good at 5,745 lots, compared with Monday's 1,861, much trading was technical.

The lack of overnight rain in Brazil's main coffee-growing areas, coupled with initial optimism that the talks would be successful, also helped sentiment, some traders suggested.

The market has carefully watched the weather in Brazil. A fortnight ago prices rose rapidly when the New York market took off as speculators gambled on continued dry weather damaging the crop. However, last Wednesday prices tumbled as rain fell in coffee areas.

Brazil's weather put spice into the market, which has been trading cautiously in the preliminaries to the ICO talks. The full ICO council meets tomorrow but, meanwhile, consumers and producers have been steadily talking over main issues.

The consumers' main concern is the gulf between the premium prices of top-quality mild coffee and that for robusta coffee, which is less in demand. Yesterday the US, the world's biggest consumer, said it wanted to be sure of obtaining enough mild coffee after shortage last year.

Most of the other consumers are also discussing how they can obtain more mild coffee. Yesterday some said they were prepared to contemplate a return to a free market to secure what they wanted, if the quota system did not deliver.

Brazil, the world's biggest producer, has said it opposes any special concessions to allow producers of mild coffee to export above quota. It also refuses to contemplate any cut in its own 30 per cent share of the total export quota.

However, Mr Jorio Dauster, head of the Brazilian Coffee Institute (IBC), said on Monday he was confident that agreement could be reached on a total export quota by the end of the fortnight's talks.

Simex to launch its fuel oil futures

SIMEX, THE Singapore International Monetary Exchange, is to launch its fuel-oil futures contract in mid-January next year, Reuter reports from Singapore. Ms Elizabeth Sam, chairman, said it hoped for a first-year, 1,000-contract volume daily.

Two types of Simex membership aimed to attract the oil industry:

● Commercial-associate, for companies wishing to participate in oil futures on their own as well as for related companies.

● Trading-permits, costing S$100 a month for individuals wishing to floor-trade oil futures on their own accounts. These are limited to 100.

The contract size for the 180 cst grade would be 100 tonnes. Trading would be in contracts providing for delivery in six consecutive months starting next April.

It will complement oil futures traded at London's International Petroleum Exchange and the New York Mercantile Exchange. Ms Sam, indicating arbitrage chances, said: "While the contracts traded are of different types of oil, a good level of co-relation exists between them."

Brazil negotiator under threat

By John Barham in São Paulo

BRAZIL's NEW Trade and Industry Minister, Mr Roberto Cardoso Alves, has dismissed Mr Marcelo Piancestelli as head of the Sugar and Alcohol Institute, the government body regulating the sugar industry. His replacement should be announced this week.

The move was expected but may foreshadow other changes in the ministry's agencies. Mr Jorio Dauster, highly-respected chief of the Brazilian Coffee Institute, is a name said to be in danger. He is in London defending Brazil's export quotas at the International Coffee Organisation.

This ministry said: "Dauster's job has been in question since the minister took over last month but nothing has been decided yet. Maybe once the coffee accords have been settled, something might happen, but nothing has been decided yet."

Mr Dauster is backed by producers. Mr Jaime Miranda, a São Paulo grower, said "he is under pressure to leave but President Sarney himself has said Jorio will stay as long as he is president."

Last week the minister said he wanted to replace officials named by his predecessor with his own choice. Mr Cardoso Alves preferred "to make mistakes with my own team. Today, if somebody does something wrong, I'll be blamed for it in any case."

Nobody doubts the abilities of Mr Piancestelli or of Mr Dauster but they and other key officials are not political allies of Mr Cardoso Alves.

Mr Piancestelli spent three months at the Sugar and Alcohol Institute sorting out chaotic management. Mr Dauster, a career diplomat, is admired in the industry for reforming the coffee institute.

Mr Cardoso Alves is an old-line political operator with close ties to Mr Sarney. A fellow congressman, he is known for his skill in operating the government patronage machine.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,190-2,230 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 6.00-6.05 (5.95-6.05).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, ingots 7.00-7.25 (7.05-7.30), sticks 7.00-7.25 (7.05-7.30).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.15-7.40 (7.05-7.30).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 315-325 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.50-3.55 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 9.50-9.70 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 52-62 (52-61).

VANADIUM: European free market, min. 98 per cent, VO, cif, 5.80-6.10 (5.60-6.10).

URANIUM: Nuexco exchange value, $ per lb, UO, 14.15 (same).

US's Gatt reform ideas 'damaging'

By Tim Dickson in Madrid

LORD PLUMB, the UK farmer who is current president of the European Parliament, said US ideas to end global farm supports by the year 2000 would "severely damage the indigenous agricultural development of the Third World."

He was speaking at the opening in Madrid of a joint assembly of European parliamentarians and representatives of the 66 African, Caribbean and Pacific states grouped in the ACP bloc.

He said that if farm-policy reform proposals tabled by the US in the General Agreement on Tariffs and Trade were adopted "they would lead to a massive influx of so-called cheap food imports into developing countries."

US proposals "do not take into account the real needs of developing countries and the priorities that they attach to rural development, and increases in agricultural production."

He did not spell out his arguments but later explained that cutting farm-support programmes in the US, notably guaranteed buying-in schemes, would unleash a flood of new farm products on to the world market, depressing prices.

His remarks are the latest attack by a European political leader on Washington's negotiating position on Gatt farm subsidies. They will be seen as provocative at a time the US is trying to ensure progress by the December mid-term review.

The Madrid conference is aimed at influencing the talks, which begin next month, on the content of the fourth Lomé Convention, the trade-and-aid package which cements the European Community's link with the ACP bloc.

The talks, likely to last at least until next summer, will encompass a broad range of issues.

Dr Ghebray Berhane, the Ethiopian co-president of the joint assembly, said the Lomé talks would be affected by the 1986 enlargement of the EC to include Spain and Portugal; the current Gatt talks; the backdrop of the EC's plans for a unified internal market in 1992; and, EC efforts to reform the Common Agricultural Policy.

Inco diversifies to a fault

Robert Gibbens on a gold-mine opened in Quebec

Aurelio Petracchi

INCO, OF Canada, the world's largest nickel producer, may have missed the Hemlo gold-rush in northern Ontario but in Casa Berardi Township, north-western Quebec, it has something to show for its diversification programme.

Inco Gold, its fully-owned subsidiary, has just started producing at Les Mines Casa Berardi, about 500 air miles north-west of Montreal, near the Ontario border. The mill is being run in at 800 short tons daily. Output in the first year should reach 60,000 oz of gold.

It cost C$76m to enter production at Casa Berardi; up to 200ft of overburden has to be stripped to reach bedrock; unstable soil conditions meant moving the mill-site in April last year; then, delivery of some heavy electrical equipment was delayed this summer.

None the less, the official opening last week was a milestone marking a new gold-mining camp in north-western Quebec.

Inevitably comparisons are made with Hemlo, where three mines are already operating and one of them alone may reach nearly 400,000oz annual output in 1990.

However, as Mr Aurelio Petrachi, mine-manager, says: "We are just at the beginning in the Casa Berardi fault and we've only really looked at 25 per cent of our ground. Hemlo was first identified back in the '50s."

Inco, always highly cautious in public statements, puts total indicated reserves at 12m tons of ore averaging 0.22oz of gold a ton at Casa Berardi, mainly in the eastern ore body now being mined. That would support 120,000oz production a year, but, said Mr Petrachi, "we're wide open below 600ft everywhere."

The initial 120,000oz target would put the operation in the same league as the Holt McDermott Mine of American Barrick Resources which was officially opened near Kirkland Lake on the Ontario side of the border last month.

Inco has one producing mine and two potential producers nearby at Casa Berardi. The three separate ore bodies are named after the US film called On Golden Pond.

The producer is Golden Pond East. The next in production, assuming stable gold prices, is Golden Pond West and, finally, Golden Pond Main.

Teck Corp controls another potential mine, Golden Hope, several miles to the east. Casa Berardi Township, to the naked eye mainly spruce, fir trees and muskeg (level swamp or bog in Canada), was named for Capt Paul Tricquet. He won the Victoria Cross in Italy in 1943 leading his company to capture a strategic farmhouse called Casa Berardi, near Ortona, on the Adriatic coast south of Pescara.

Inco began electro-magnetic surveys in the area in the late-1960s, looking for nickel and platinum. It followed up in 1974 with ground geophysical works and began staking claims.

By 1980, just before gold hit US$850 an oz, Inco knew enough to stake nearly 900 claims to secure a 30-mile strike-length east-west along the Casa Berardi fault right into Ontario.

The site is 150 miles north of Rouyn-Noranda, with Val d'Or the centre of north-western Quebec mining since the 1930s, and just below Quebec's most northerly mines, Selbaie, a copper-producer owned by British Petroleum, and Matagami Lake, a zinc-silver mine owned by Noranda.

By 1981 Inco began announcing gold intersections and confirmed the three separate ore bodies. However, by 1983 Inco was in severe trouble with the long decline in world nickel and copper prices.

It brought in Mr Bruce MacDonald, the Vancouver developer, and his Golden Knight Resources as 40 per cent partner in Les Mines Casa Berardi. Golden Knight today is controlled by Teck Corp.

Inco has about 150 employees at Golden Pond East, living 60 miles away in La Sarre, the nearest town. Golden Pond East uses mechanical cut-and-fill mining with ramp access. The ore is hauled to the mill in 35-ton trucks. The mill at present can handle up to 1,200 tons daily and uses a conventional leaching process. However, the operation is highly automated.

Mr Petrachi estimates cash operating-cost at Golden Pond East at between US$200 and US$250 an oz, and about US$300 including depreciation.

The volcanic action that caused the Casa Berardi fault is believed to have occurred 5bn years ago. Later, gold was deposited in quartz veins running intermittently through the sedimentary host rock. Wider variation in gold assays are found than at Hemlo.

Last week Inco reported 0.85 oz gold per short ton from two drill-holes at the 600ft level at Golden Pond West. Encouraging drilling results elsewhere at the mine include 1.16oz per ton over 38ft in one hole at a lower level, and at two other drill holes farther west.

It has added a further C$8m to the C$10m underground programme at the mine and says it is confident the additional exploration will lead to developing Golden Pond West into the second Casa Berardi.

It says the western ore body could go into production initially at 440 tons daily to bring the milling rate to well above 2,000 tons daily in the early-1990s, and the mill was designed for such expansion. Developing Golden Pond West and expanding the mill could cost C$25m to C$35m.

Inco Gold hopes to bring its Crixas Mine in Brazil and another, in Montana, into production in the next two years, with combined output of 115,000oz a year. Its target output is 400,000oz from all gold properties by the late-1990s.

Aluminium move likely to be smooth

By Kenneth Gooding, Mining Correspondent

THE London Metal Exchange's decision to abolish its standard aluminium contract by this year's end and to transfer the business to high-grade aluminium seems increasingly likely to be put into effect smoothly.

Today is the last chance for traders to buy three-month standard aluminium because the contract will be eliminated on December 21.

There has been resistance to the change. The exchange's board introduced it hoping the build up of high-grade contract business would improve its use for worldwids pricing purposes.

Standard aluminium, of 99.5 per cent purity, is today produced only by the Soviet Union and some other Communist countries. Western companies produce high grade which is 99.7 per cent pure.

Even so, Mr Robin Bhar, an analyst with Rudolf Wolff, the London-based metal trader, said, "people are having to be forced into trading high-grade.

"They prefer to stick to something they have traded for the past 10 years. But logic dictates that interest in the high-grade contract will pick up when it is the only way people can hedge."

The LME's daily turnover in high-grade had until recently languished at only 10 tonnes to 15 tonnes a day, compared to more than 300,000 tonnes of standard aluminium. He said that yesterday it reached 123,425 tonnes, against 413,050 tonnes for standard.

LME stocks of high-grade bave also been building steadily and at the start of this week stood at 35,775 tonnes, indicating the contract would not be as illiquid as some predicted.

Mr Angus Macmillan, of Shearson Lehman Hutton's London metals research unit, said: "It is still possible that the aluminium market could be squeezed towards the end of this year but the consensus now seems to be that it will be a fairly smooth change."

Selling pressure yesterday pushed down the price of three-month standard aluminium by £20, to £1,354.50. Metal for immediate delivery dropped by £22.5, to £1,395. The high-grade contract is quoted in US$. Three-month metal yesterday fell by $20, to $2,365. Cash high-grade was down by $10, to $2,385.

UN appeals for emergency food

THE UN's World Food Programme said it had exhausted its emergency food reserve and appealed for 300,000 tonnes by the year's end, Reuter reports from Rome.

WFP, listing big disasters needing its help, said Bangladesh wanted 240,000 tonnes of food to relieve flood victims. Government said about 2.6m tonnes of autumn harvest would be lost.

More than 800,000 refugees from Mozambique, in Malawi, needed food by the end of the year, the programme said. In Ethiopia, another 700,000 had been forced to flee civil wars in Sudan and Somalia. There were 600,000 refugees in Somalia.

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC prices fell sharply on the LME in morning trading under chart-based selling and liquidation. Shortcovering checked the downward trend in the afternoon, but three-month metal ended the day down $21 at $1,304.50 a tonne. Traders said the market was now looking to test the $1,300 level, having broken through the previous support level at around $1,320. Nickel prices imitated zinc, retreating in the morning but settling down in the afternoon. Dealers said the market looked set to go further down. The afternoon stability reflected a lack of follow-on to earlier influential merchant selling rather than any fresh buying interest. Cocoa prices rallied, helped by industrial enquiry for cocoa for nearby delivery and a firmer New York market. Dealers said if prices rose as far as £800, many producers could be expected to renew selling.

SPOT MARKETS

Crude oil (per barrel FOB September)		+ or -
Dubai	$11.65-1.95x	+.265
Brent Blend	$13.40-3.45x	+.29
W.T.I. (1 pm est)	$14.50-4.55z	+.38
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$170-172	+1
Gas Oil	$119-121	+1
Heavy Fuel Oil	$63-64	+1
Naphtha	$132-134	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$410.25	+0.75
Silver (per troy oz)♣	636c	+8
Platinum (per troy oz)	$507.00	+3.25
Palladium (per troy oz)	$130.5	+1.5
Aluminium (free market)	$3335	-70
Copper (US Producer)	115¾-119¼c	+5¼
Lead (US Producer)	37c	
Nickel (free market)	540c	
Tin (European free market)	£4395	-45
Tin (Kuala Lumpur market)	19.59r	-0.21
Tin (New York)	343.5c	-2.8
Zinc (Euro. Prod. Price)	$1312.5	
Zinc (US Prime Western)	65¾c	
Cattle (live weight)†	111.04p	-1.71*
Sheep (dead weight)†	147.68p	-11.8*
Pigs (live weight)†	70.71p	+1.17*
London daily sugar (raw)	$247.2x	-8.4
London daily sugar (white)	$246.0x	-4.5
Tate and Lyle export price	£256.8	-5.5
Barley (English feed)	£109q	-1
Maize (US No. 3 yellow)	£127v	
Wheat (US Dark Northern)	£124.75x	+2.50
Rubber (spot)♥	64.25p	-0.25
Rubber (Oct)♥	70.75p	-0.25
Rubber (Nov)♥	71.25p	-0.25
Rubber (KL RSS No 1 Oct)	309.5m	-1.8
Coconut oil (Philippines)§	$555x	
Palm Oil (Malaysian)§	$416q	-18
Copra (Philippines)§	$385	
Soyabeans (US)	$202.5	-6.0
Cotton "A" index	56.45c	-0.60
Woollops (64s Super)	660p	-5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Oct. x-Sep/Oct. v-Oct/Nov. w-Nov/Dec. y-Oct/Dec. z-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Sep	844	836	842	826
Dec	777	771	779	763
Mar	769	765	769	757
May	778	775	781	769
Jul	790	789	789	781
Sep	807	805	806	803
Dec	847	850	847	842

Turnover: 4180 (3634) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 19: 946.73 (940.35); 10 day average for Sep 20: 966.12 (971.60)

COFFEE £/tonne

	Close	Previous	High/Low	
Sep	1130	1115	1150	1105
Nov	1142	1104	1147	1095
Jan	1137	1094	1135	1090
Mar	1092	1080	1095	1052
May	1076	1065	1076	1055
Jly	1089	1067	1087	1060
Sep	1080	1086	1087	1060

Turnover: 5745 (1861) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Sep 19: Comp. daily 111.35 (111.80). 15 day average 111.70 (111.60).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	215.60	213.00	219.00	212.60
Dec	211.60	223.60	216.00	209.20
Mar	212.00	211.00	215.00	207.00
May	209.20	209.00	213.00	205.00
Aug	207.00	211.20	219.00	205.00
Oct	205.00	207.00	204.00	
White	**Close**	**Previous**	**High/Low**	
Oct	243.00	242.50		
Dec	235.00	236.50	238.00	234.00
Mar	241.00	239.00	244.00	237.00
May	242.00	240.00	242.50	238.00
Aug	243.00	244.00	245.00	243.00

Turnover: Raw 14465 (7566) lots of 50 tonnes. White 1566 (2393).
Paris- White (FFr per tonne): Dec 1493, Mar 1486, May 1486, Aug 1493, Oct 1486, Dec 1503.

GAS OIL $/tonne

	Close	Previous	High/Low	
Oct	121.75	120.50	122.50	120.50
Nov	123.75	122.25	124.25	122.25
Dec	125.00	123.50	125.25	124.50
Jan	125.25	124.50	125.75	124.25
Feb	124.75	124.00		
Mar	122.50	122.50	122.50	

Turnover 4157 (3362) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Sep	108.15	108.25	108.15	108.00
Nov	100.60	110.00	110.00	109.50
Jan	112.20	112.20	112.25	111.85
Mar	114.70	114.70	114.70	114.35
May	117.30	117.40	117.30	117.00
Jun	118.90	118.05	118.90	
Barley	**Close**	**Previous**	**High/Low**	
Sep	104.60	104.60	104.75	104.50
Nov	106.40	106.40	106.60	106.30
Jan	109.05	109.15	109.15	109.00
Mar	111.00	111.15	111.00	
May	113.00	113.00	113.00	

Turnover: Wheat 264 (152), Barley 152 (175).
Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 3,300 tonne
Cash	2380-90	2390-400		2330-5		
3 months	2360-70	2380-90		2320-30		10,470 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 14,350 tonne
Cash	1394-6	1415-20	1375/1370	1373-4		
3 months	1354-5	1374-5	1364/1335	1338-40	1340-7	47,016 lots
Copper, Grade A (£ per tonne)						Ring turnover 36,650 tonne
Cash	1475-7	1490-00	1467/1464	1464-5		
3 months	1420-2	1415-4	1422/1412	1415-6	1419-20	64,563 lots
Copper, Standard (£ per tonne)						Ring turnover 8 tonne
Cash	1405-15	1390-400		1395-405		
3 months	1370-5	1360-70		1366-71		15 lots
Silver (US cents/fine ounce)						Ring turnover 9 ozs
Cash	630-3	624-7		632-3		
3 months	643-6	637-40		645-6		452 lots
Lead (£ per tonne)						Ring turnover 12,275 tonne
Cash	356-60	362-3	359/358	357.5-8		
3 months	363-4	367-8	366/363	363-4	363-4	18,512 lots
Nickel ($ per tonne)						Ring turnover 1,110 tonne
Cash	11800-50	11700-800	11900/11450	11400-50		
3 months	10600-50	10600-50	10650/10300	10625-50	10600-400	6,217 lots
Zinc ($ per tonne)						Ring turnover 12,475 tonne
Cash	1326-7	1335-60	1325	1323-5		
3 months	1304-5	1325-6	1315/1300	1302-3	1289-300	20,400 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Nov	56.0	56.0	56.5	55.0
Feb	65.0	70.5	65.5	
Apr	91.4	91.2	92.5	91.2
May	102.0	102.2	101.8	101.8

Turnover 134 (385) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Oct	175.00	175.00	174.00	172.80
Dec	183.00	182.50	183.00	180.00
Feb	185.00	185.90	185.50	185.00

Turnover 307 (2114) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Sep	1502	1512	1505	1502
Oct	1412	1416	1413	1405
Jan	1470	1478	1472	1466
Apr	1516	1522	1517	1516
Jul	1324	1324	1324	
BFI	1288	1289		

Turnover 212 (81)

COTTON

Liverpool - Spot and shipment sales for the week ended September 16 amounted to 305 tonnes against 825 tonnes in the previous week. Trading was very slow with few dealings occurring in West African, American, Spanish and Pakistan growths.

JUTE

C and I Dundee BTC $505, BWC $495, BTD $425, BWD $425; c and I Antwerp BTC $455, BWC $445, BWD $395, BTD $405.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	410-410½	243-243½
Opening	418½-411	244½-245
Morning fix	410.4	244.378
Afternoon fix	410	243.64
Day's high	411-411½	
Day's low	409½-410	

Coins	$ price	£ equivalent
Mapleleaf	422-427	250-253
Britannia	422-427	250-253
US Eagle	422-427	250-253
Angel	421-426	249½-252½
Krugerrand	408-412	242½-244½
New Sov.	96½-97½	57-57½
Old Sov.	96½-97½	57-58
Noble Plat	526.9-527	310.35-314

Silver fix	p/fine oz	US cts equiv
Spot	377.25	634.80
3 months	388.40	647.80
6 months	400.00	661.70
12 months	422.80	688.55

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
2250	200	189	47	127
2350	138	142	84	180
2450	91	108	136	240
Copper (Grade A)	**Calls**		**Puts**	
2250	215	175	35	123
2350	150	130	66	174
2450	97	93	114	235

US MARKETS

IN ACTIVE TRADING, metals prices fell sharply as bank, trade and commission houses were all sellers, reports Drexel Burnham Lambert. Gold lost over 7 dollars before local short covering rallied back the market to settle only 4 dollars lower. During a choppy day, *sugar closed up 11 points as trade and* overseas buying firmed up prices. Coffee rallied up 300 on news of the *ICO* meeting. In the meat markets, commission houses and locals were the days best buyers. Pork belly futures rose over 100 while cattle and hog futures had lesser advances. The grain markets were less active than normal as soybean prices remained unchanged. Wheat and corn had slight gains as some price consolidation was *seen. Cotton futures were quieter than* previous days as trade buying prevented further selling from local traders. Orange juice futures lost over 200 points on bearish news about the upcoming crop report. In the energy markets, crude oil prices remained steady throughout the day as trade house activity was featured.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	405.3	409.2	408.5	403.0
Oct	406.2	410.2	411.9	402.3
Nov	408.7	412.7	0	0
Dec	411.3	415.4	417.0	407.0
Feb	416.6	420.8	422.3	413.0
Apr	421.9	426.2	426.8	419.0
Jun	427.2	431.6	432.5	423.0
Aug	432.8	437.3	438.6	431.0
Oct	438.4	443.0	444.0	436.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Sep	494.9	503.0	0	0
Oct	494.9	503.0	506.9	467.0
Jan	497.8	505.5	511.0	489.0
Apr	501.9	510.5	512.0	491.0
Jul	507.6	516.3	509.0	509.0
Oct	513.3	522.0	8	8

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	625.2	637.0	636.0	622.0
Oct	626.9	638.7	8	8
Nov	631.4	643.2	0	0
Dec	635.7	647.5	647.5	631.0
Jan	640.6	652.5	0	0
Mar	650.5	662.5	662.5	646.0
May	660.4	672.5	665.0	656.0
Jul	670.9	683.2	683.5	669.0
Sep	681.3	693.8	690.0	680.0
Dec	697.2	710.0	711.0	700.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	119.85	112.40	114.65	112.80
Oct	111.85	110.90	111.80	111.80
Nov	107.70	107.10	8	8
Dec	103.60	103.30	104.60	103.30
Jan	101.10	101.00	8	0
Mar	96.30	96.50	97.20	96.30
May	93.20	93.50	94.00	94.00
Jul	90.70	91.00	0	8
Sep	88.90	89.20	89.90	89.90
Dec	86.70	87.60	88.00	87.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	15.01	14.73	15.07	14.85
Nov	14.62	14.38	14.60	14.42
Dec	14.36	14.28	14.45	14.29
Jan	14.34	14.24	14.40	14.24
Feb	14.37	14.26	14.41	14.26
Mar	14.43	14.30	14.46	14.32
Apr	14.49	14.34	14.50	14.38
Jun	14.57	14.42	14.57	14.55

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	4170	4138	4195	4135
Nov	4228	4192	4260	4195
Dec	4295	4251	4315	4265
Jan	4340	4305	4355	4318
Feb	4320	4256	4325	4260
Mar	4180	4118	4185	4170
May	3975	3915	3990	3975
Jun	3935	3866	3935	3910
Jul	3960	3866	3950	3945

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1203	1184	1206	1182
Mar	1186	1100	1187	1165
May	1204	1185	1206	1180
Jul	1228	1210	0	0
Sep	1250	1231	1245	1244
Dec	1288	1268	1288	1269

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	123.00	121.75	123.73	122.50
Dec	127.13	123.92	127.30	124.50
Mar	126.46	123.78	128.50	124.30
May	126.46	123.75	126.15	124.50
Jul	126.60	123.63	125.00	124.50
Sep	126.37	122.35	0	0
Dec	124.50	122.08	8	8

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.71	9.33	9.78	9.43
Jan	8.84	8.55	8.30	9.18
Mar	9.29	9.18	9.44	9.08
May	9.12	9.21	9.32	8.92
Jul	9.01	9.08	9.22	8.83
Oct	8.93	8.96	9.12	8.87
Jan	8.45	8.66	9.00	9.00

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	51.97	52.16	52.65	51.46
Dec	50.60	50.68	51.15	50.18
Mar	50.76	50.80	51.05	50.18
May	50.90	50.80	51.20	50.65
Jul	51.30	51.35	51.75	51.05
Dec	52.65	52.55	52.75	52.05

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	173.90	176.15	176.00	173.00
Jan	165.40	166.90	166.30	165.05
Mar	163.80	165.20	164.50	163.60
May	163.05	164.20	163.25	162.50
Jul	162.05	163.55	0	0
Sep	184.95	190.18	190.18	186.00
Nov	161.05	162.55	0	8
Jan	161.05	162.55	8	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sept 19	Sept 16	mnth ago	yr ago
1888.8	1890.8	1850.7	1858.3

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	132.36	133.38	132.41	128.10
Futures	134.18	135.25	135.01	131.84

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	820/4	821/0	828/0	817/0
Nov	831/0	831/0	840/0	827/0
Jan	842/0	841/0	850/0	837/0
Mar	846/4	848/0	856/4	845/0
May	847/0	840/0	851/4	841/0
Jul	836/0	830/0	844/0	834/0
Aug	824/0	820/4	834/0	821/0
Sep	772/0	761/4	772/0	764/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	24.90	24.70	25.00	24.75
Oct	24.97	24.85	25.12	24.82
Dec	25.37	25.27	25.65	25.27
Jan	25.65	25.65	25.95	25.58
Mar	26.18	26.00	26.45	26.10
May	26.45	26.42	26.70	26.42
Jul	26.32	26.25	26.70	26.25
Aug	26.40	26.10	26.80	26.40

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	257.0	261.5	263.8	256.8
Oct	257.2	260.8	262.0	256.4
Dec	257.7	260.7	262.5	257.0
Jan	257.5	260.2	262.5	257.5
Mar	256.6	258.2	260.5	256.2
May	254.2	253.2	256.0	252.5
Jul	250.5	250.0	252.0	249.0
Aug	246.0	243.5	247.0	242.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	273/6	271/2	275/4	271/0
Dec	286/4	284/0	288/0	283/6
Mar	292/4	290/6	294/0	290/4
May	296/6	294/4	297/6	294/2
Jul	295/2	294/2	296/4	293/6
Sep	278/6	278/0	279/4	278/4
Dec	266/2	266/6	269/4	266/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	404/4	398/2	405/0	399/0
Dec	419/6	412/0	422/0	414/4
Mar	424/4	417/2	427/0	419/4
May	401/0	394/4	404/4	397/0
Jul	371/0	365/2	371/4	366/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	69.37	69.00	69.47	68.77
Dec	71.42	71.18	71.52	70.95
Feb	72.60	72.05	72.65	71.90
Apr	74.25	73.57	74.25	73.55
Jun	73.45	72.75	73.50	72.80
Aug	70.50	70.00	70.65	70.42
Sep	70.60	70.60	e	0
Oct	70.35	69.90	70.55	70.30

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	38.77	37.87	38.82	37.90
Dec	41.22	40.25	41.45	40.60
Feb	44.70	43.45	44.82	43.60
Apr	44.17	43.20	44.27	43.40
Jun	48.87	48.30	48.87	48.30
Jul	49.18	48.65	49.18	48.80
Aug	47.72	47.12	47.75	47.25
Oct	45.10	45.00	45.10	45.10

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	50.70	49.62	50.80	49.80
Mar	51.18	50.05	51.20	50.30
May	52.70	51.75	52.75	51.85
Jul	53.05	52.25	53.35	52.40
Aug	52.00	51.10	52.25	52.00

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | GERMANY | GERMANY (continued) | ITALY | NETHERLANDS | NETHERLANDS (continued) | NORWAY | SPAIN | SWEDEN | SWEDEN (continued) | SWITZERLAND | SOUTH AFRICA

JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | SINGAPORE

Ishikawajima Ha	1,070	-30
Isuzu Motors	667	-32
Itoh(C)	820	-14
Itoham Foods	1,390	-30
Ito Yokado	3,990	-40
Iwatsu Electric	950	-5
JEOL	1,030	-20
JAL	13,900	-200
Japan Radio	1,480	-40
Japan Steel Wks	581	-17
Jap S Battery	606	-15
Japan Synth Rbr	1,050	-10
Jujo Paper	1,050	+65

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices September 19

Quotations in cents unless marked $.

MONTREAL

Closing prices September 19

OVER-THE-COUNTER

Nasdaq national market, 2pm prices September 20

Continued from page 49

TOKYO - Most Active Stocks

Tuesday 20 September 1988

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	124.0m	772	-13
Kawasaki Steel	88.8m	815	-5
NKK	86.8m	750	-13
Sanyo Kokusaku Pulp	49.1m	979	+67
Sumitomo Metal	43.2m	659	-11
Dainippon Ink	37.3m	848	+41
Jujo Paper	36.7m	1,050	+65
Honshu Paper	33.2m	928	+100
Mitsubishi Paper	32.9m	1,170	+40
Kobe Steel	31.1m	590	-18

INDICES

NEW YORK — DOW JONES

	Sep 19	Sep 16	Sep 15	Sep 14	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2081.08	2098.15	2092.28	2100.64	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.06	89.15	88.90	88.87	91.25 (3/3)	86.12 (4/1)	–	–
Transport	881.42	876.94	870.37	875.30	908.45 (5/7)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	179.47	180.24	179.05	179.82	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2096.55 (2113.26) Low 2066.86 (2077.70)

STANDARD AND POOR'S	Sep 19	Sep 16	Sep 15	Sep 14	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite‡	268.82	270.65	268.13	269.31	275.66 (22/6)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	308.45	310.81	307.94	309.39	318.54 (22/6)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	25.95	26.05	25.70	25.80	26.05 (16/9)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	151.92	152.79	151.60	152.13	155.35 (22/6)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	297.67	298.22	297.70	298.35	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	383.44	383.91	382.70	383.86	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Sep 16	Sep 12	Aug 19	year ago (approx.)
Dow Industrial Div. Yield	3.68	3.71	3.79	2.73

	Sep 14	Sep 7	Aug 24	year ago (approx.)
S & P Industrial div. yield	3.19	3.24	3.30	2.40
S & P P/E ratio	13.00	12.80	13.57	23.20

TRADING ACTIVITY — † Volume (Millions)

	Sep 19	Sep 16	Sep 15
New York	136.770	211.110	161.210
Amex	8.430	8.840	7.784
OTC	99.841	(u)	113.725

NEW YORK	Sep 19	Sep 16	Sep 15
Issues Traded	1,927	1,942	1,926
Rises	557	898	643
Falls	887	527	749
Unchanged	483	517	534
New Highs	26	24	29
New Lows	15	15	11

CANADA TORONTO	Sep 19	Sep 16	Sep 15	Sep 14	1988 High	1988 Low
Metals & Minerals	2736.0	2754.0	2747.2	2753.0	3226.5 (5/7)	2238.7 (8/2)
Composite	3255.4	3261.8	3261.3	3276.5	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1633.18	1638.45	1632.87	1641.58	1723.71 (5/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Portland	4,476,300	21¼	– ¼
JP Morgan	3,790,500	38	– ⅜
CSX	3,482,600	30⅛	+ 3⅝
Kroger	3,297,400	52⅞	+ 1⅛
AT&T	3,185,400	26¼	+ ⅛
Reebok	2,660,800	11⅛	– ⅜
Contel	2,349,300	42½	– ⅜
Hosp Corp	2,041,300	44⅞	+ ½
K Mart	1,933,200	37⅛	+ 1½
Phillips Pet	1,667,100	18⅞	– ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Sept 20	Sept 19	Sept 16	Sept 15	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1546.7	1539.5	1559.9	1567.9	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	699.9	693.5	719.8	729.2	847.8 (9/8)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	201.5	201.8	201.4	200.6	201.8 (19/9)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	5210.7	5150.0	5102.9	5068.3	5210.7 (20/9)	3608.35 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	224.37	223.21	221.86	221.26	227.86 (3/8)	180.68 (4/1)
FINLAND						
Unitas General (1975)	701.3	704.2	711.9	714.4	772.1 (8/8)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	364.7	366.6	364.5	365.4	368.5 (8/7)	251.3 (29/1)
Ind. Tendance (31/12/87)	139.0	139.5	139.3	138.4	139.5 (19/9)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	513.04	515.09	507.29	506.08	515.09 (19/9)	396.40 (29/1)
Commerzbank (1/12/53)	1558.70	1565.20	1542.6	1539.4	1565.20 (19/9)	1207.9 (29/1)
DAX (30/12/87)	1245.98	1252.66	1235.05	1228.11	1252.66 (19/9)	931.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2423.23	2447.58	2458.82	2474.08	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	524.24	526.13	519.05	522.77	545.07 (18/3)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	27548.58	27901.00	27866.38	(c)	28423.38 (5/8)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2123.64	2151.86	2150.82	(c)	2253.10 (2/8)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	268.7	269.2	269.7	270.2	284.8 (9/8)	205.7 (4/1)
ANP-CBS Industrial (1970)	225.9	226.4	225.1	226.1	239.3 (9/8)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	382.70	387.14	386.77	371.66	423.64 (21/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1039.90	1062.52	1064.95	1070.02	1177.87 (8/8)	833.60 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1236.0	1213.8	1214.0	1220.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1664.0	1663.0	1668.8	1672.0	1758.0 (20/7)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	276.91	278.91	277.86	278.20	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3061.60	3045.30	3019.20	3022.10	3112.90 (5/8)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	554.0	555.80	551.7	552.7	559.0 (9/8)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	441.7	441.6	440.1	465.2 (15/6)	401.0 (21/1)

**Saturday Sept. 17: Japan Nikkei (c) and TSE (c).

‡ Subject to official recalculation

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

2pm prices September 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		— A—A—A —								
27⅞	14	AAR s	.36	1.4	19	473	26⅛	25½	26⅛	+ ½
16⅜	8¾	ACM n				672	9⅞	9¾	9¾	− ⅛
12½	6¼	ACMIn n1.25e		11.		266	11⅛	11	11	− ⅛
12⅞	10⅝	ACMSc n1.25		12.		571	10⅝	10⅜	10½	− ⅛
16⅛	8⅞	ACMSp n.25e		2.6		153	9¼	9	9	
25⅞	18½	AGS			21	168	26⅛	26⅛	26⅛	
7¼	3¼	AM Intl				1967	6⅝	5⅞	6½	
29½	17	AM Int pf 2		9.1		504	22	21⅞	22	+ ⅛
57½	26¼	AMR			9	2807	45⅞	45¼	45⅞	+ ⅛
24⅛	19	ANR pf2.12		8.8		14	24	24	24	+ ⅛
16¼	8¼	ARX			11	1	7⅛	7⅛	7⅛	
70½	35¼	ASA	3	8.4		367	36½	35⅞	35⅞	− ⅜
22⅜	9½	AVX	.05e	.3	12	62	16	15⅝	16⅛	− ⅛
61⅞	40	AbtLab	1.20	2.6	16	1850	46½	45⅞	46¼	− ¼
27¼	15⅛	Abitibi g	1			33	16⅛	16⅝	16⅝	− ⅜
10½	8½	AcmeC	.40	4.4		1	9⅛	9⅛	9⅛	− ⅛
9½	6⅜	AcmeE	.32b	4.7	46	9	6⅞	6¾	6⅞	
15	14½	AdaEx	3.05e	20.		91	15⅝	15½	15½	
19¼	6⅞	AdamMl	.24	1.5	16	15	16⅜	16⅜	16⅜	
24⅞	7½	AMD				1599	11⅜	11⅛	11½	
36¾	29¼	AMD pf	3	8.4		3	35¾	35½	35¾	+ ½
9¼	4⅝	Adobe				7	7⅝	7½	7⅝	
19⅛	10¼	Adob pf	1.84	10.		3	17⅝	17⅝	17⅝	+ ⅛
12¼	5⅝	Advest	.12	1.4	16	152	8½	8⅜	8⅜	
61⅜	39½	AetnLf	2.76	5.3	8	1281	52	51½	51¾	+ ⅛
35¼	26½	AflPb n	.20	.7		1265	29	27⅝	27⅝	− ½

Continued on Page 49

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
$42\frac{1}{2}$	$25\frac{1}{2}$	RiteAid	.74	2.1	10	492	36	$35\frac{1}{2}$	36	$+\frac{1}{4}$
$1\frac{1}{2}$	$\frac{1}{2}$	RvrOak				4	9-16	$\frac{1}{2}$	$\frac{1}{2}$	
$19\frac{1}{4}$	$10\frac{1}{4}$	Robtsn			4	12	$11\frac{1}{2}$	$11\frac{1}{2}$	$11\frac{1}{2}$	$-\frac{1}{4}$
$29\frac{1}{8}$	$12\frac{1}{4}$	vjRobins			19	258	$26\frac{1}{4}$	$25\frac{1}{2}$	$25\frac{1}{8}$	
$18\frac{1}{4}$	$14\frac{1}{4}$	RochG	1.50	8.6	11	218	$17\frac{1}{2}$	$17\frac{1}{8}$	$17\frac{1}{2}$	
$49\frac{3}{4}$	37	RochTl	2.72	5.7	16	13	$47\frac{5}{8}$	$47\frac{1}{2}$	$47\frac{5}{8}$	
$12\frac{1}{8}$	$6\frac{3}{4}$	Rolwy	.36	3.7	19	8	$9\frac{5}{8}$	$9\frac{5}{8}$	$9\frac{5}{8}$	
$20\frac{1}{4}$	$14\frac{1}{4}$	RckCtr	1.84	9.3	15	157	$20\frac{1}{8}$	$19\frac{7}{8}$	$19\frac{7}{8}$	$-\frac{1}{8}$
$27\frac{1}{8}$	$14\frac{1}{2}$	Rockwl	.72	3.4	7	1637	$21\frac{5}{8}$	$21\frac{1}{8}$	$21\frac{1}{2}$	$+\frac{1}{8}$
190	108	Rhm pf1.35		.9		1	150	150	150	+3
19	$4\frac{7}{8}$	RodRen	.14	1.7	416	2	$8\frac{1}{2}$	$8\frac{1}{4}$	$8\frac{1}{2}$	$-\frac{1}{8}$
$43\frac{1}{2}$	24	RoHaas	1.12	3.3	11	65	$33\frac{7}{8}$	$33\frac{5}{8}$	$33\frac{3}{4}$	$+\frac{1}{8}$
$35\frac{5}{8}$	$13\frac{3}{4}$	Rohr			17	761	$31\frac{1}{4}$	$31\frac{1}{8}$	$31\frac{1}{8}$	$-\frac{1}{8}$
$24\frac{5}{8}$	$11\frac{1}{2}$	RollnsE	.08	.5	23	1119	$17\frac{7}{8}$	$17\frac{1}{2}$	$17\frac{5}{8}$	
$19\frac{5}{8}$	$9\frac{3}{4}$	RollE wi				7	$14\frac{1}{2}$	$14\frac{3}{8}$	$14\frac{3}{8}$	$-\frac{1}{8}$
$20\frac{3}{4}$	$12\frac{1}{8}$	Rollins	.52	2.8	18	267	$18\frac{1}{2}$	18	$18\frac{3}{8}$	$+\frac{3}{8}$
$39\frac{1}{8}$	$19\frac{3}{4}$	Rorer s	.80	2.2	20	316	$35\frac{3}{4}$	$35\frac{1}{4}$	$35\frac{3}{4}$	$+\frac{1}{4}$
$9\frac{7}{8}$	$6\frac{3}{4}$	Rowan				798	$6\frac{7}{8}$	$6\frac{1}{2}$	$6\frac{3}{4}$	
$131\frac{1}{8}$	$94\frac{7}{8}$	RoylD	7.24e	6.8	7	x2301	$107\frac{1}{4}$	$106\frac{3}{8}$	107	$+\frac{1}{8}$
$13\frac{1}{2}$	6	RoyInt	.15e	1.2	16	806	13	$12\frac{1}{2}$	$12\frac{3}{4}$	$+\frac{1}{8}$
$9\frac{1}{2}$	$5\frac{3}{4}$	Royce	.52e	6.0		123	$8\frac{5}{8}$	$8\frac{1}{2}$	$8\frac{5}{8}$	$+\frac{1}{8}$
$34\frac{7}{8}$	19	Rubmd	.36	1.5	19	708	$24\frac{1}{4}$	24	$24\frac{1}{4}$	$+\frac{1}{8}$
$43\frac{1}{8}$	$17\frac{1}{2}$	RussBr	.40	2.1	6	36	$18\frac{7}{8}$	$18\frac{5}{8}$	$18\frac{5}{8}$	$-\frac{1}{8}$
$20\frac{1}{8}$	11	RussTg	.80	4.8	20	85	$13\frac{1}{8}$	13	13	$-\frac{1}{8}$
$18\frac{3}{8}$	$10\frac{1}{4}$	Russell	.24	1.5	13	216	$15\frac{5}{8}$	$15\frac{1}{2}$	$15\frac{5}{8}$	
$38\frac{1}{4}$	20	Ryder	.56	2.3	16	1658	$24\frac{1}{4}$	24	$24\frac{1}{8}$	$-\frac{1}{8}$
$31\frac{1}{2}$	$17\frac{1}{8}$	RykoH	.68	2.3	15	53	$29\frac{1}{2}$	$29\frac{1}{4}$	$29\frac{1}{4}$	$-\frac{1}{8}$
27	11	Ryland	.50	3.0	7	49	$16\frac{5}{8}$	$16\frac{1}{8}$	$16\frac{1}{2}$	
$17\frac{1}{8}$	$7\frac{1}{2}$	Rymer			61	2	$9\frac{1}{8}$	$9\frac{1}{8}$	$9\frac{1}{8}$	$-\frac{1}{8}$
$11\frac{1}{8}$	$7\frac{3}{4}$	Rymer pf1.17	15.			15	$8\frac{1}{8}$	8	8	$-\frac{1}{8}$

[illegible]

— X–Y–Z —

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
$60\frac{1}{4}$	58	Xerox	3	5.5	10	2486	$55\frac{1}{2}$	$54\frac{1}{2}$	$54\frac{3}{4}$	$+\frac{1}{8}$
20	$18\frac{1}{8}$	XTRA	.72	2.1	15	12	$34\frac{1}{4}$	$34\frac{1}{8}$	$34\frac{1}{4}$	
$59\frac{1}{4}$	$17\frac{1}{8}$	Yorkin			15	5	$52\frac{1}{2}$	$52\frac{1}{4}$	$52\frac{3}{8}$	
$5\frac{1}{8}$	$2\frac{1}{4}$	Zapata				195	$2\frac{3}{4}$	$2\frac{1}{8}$	$2\frac{3}{4}$	$+\frac{1}{2}$
37	$13\frac{1}{2}$	Zayre	.40	1.6	134	5908	$24\frac{3}{4}$	$24\frac{1}{2}$	$24\frac{5}{8}$	$+\frac{1}{4}$
$16\frac{1}{8}$	$6\frac{3}{4}$	Zemex	.40	3.0	17	2	$13\frac{1}{8}$	$13\frac{1}{8}$	$13\frac{1}{8}$	$-\frac{1}{8}$
30	10	ZenithE				1307	$21\frac{1}{2}$	$21\frac{1}{4}$	$21\frac{1}{4}$	$-\frac{1}{4}$
$10\frac{1}{4}$	$9\frac{1}{2}$	Zenln n	.38e	3.8		138	15	$9\frac{7}{8}$	$9\frac{7}{8}$	$-\frac{1}{8}$
$7\frac{1}{8}$	7	vjZenLb				3244	$2\frac{1}{4}$	$1\frac{7}{8}$	$2\frac{1}{8}$	$+\frac{1}{8}$
$21\frac{3}{8}$	$15\frac{1}{4}$	ZenNtl	.80b	4.3	9	110	$18\frac{3}{4}$	$18\frac{5}{8}$	$18\frac{3}{4}$	
$18\frac{7}{8}$	$11\frac{1}{8}$	Zero	.48	2.7	15	21	15	$14\frac{3}{4}$	$14\frac{7}{8}$	$+\frac{1}{8}$
$26\frac{7}{8}$	15	Zurnin	.88	2.7	18	349	$22\frac{1}{8}$	$23\frac{7}{8}$	25	$+1\frac{1}{8}$
$11\frac{1}{4}$	$7\frac{5}{8}$	Zweig	1.05e	10.		340	$10\frac{1}{2}$	$10\frac{1}{4}$	$10\frac{1}{8}$	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices September 20

Stock	Div.	E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2pm prices September 20

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

Continued on Page 47

AMERICA

Dow and bonds confined to narrow trading range

Wall Street

THE WAIT for this week's series of key economic releases restricted equity and bond movements to a narrow range again yesterday, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 6.22 points higher at 2,087.30 on volume of about 85m shares, having been unable to sustain a gain of around 7 points earlier.

US Treasury bonds were quoted ¼ point higher at the long end of the yield curve and the yield on the Treasury's benchmark 30-year issue fell to 9.04 per cent. Short-dated maturities stood unchanged to ⅛ point lower.

There was little reaction to yesterday's release of the second set of revisions to second quarter gross national product and its accompanying deflators.

There was mixed news in these figures. The Commerce Department unexpectedly revised growth in the second quarter down to 3.0 per cent from 3.3 per cent estimated earlier, reflecting downward revisions in exports and non-residential fixed investment and an offsetting upward revision in consumer spending.

However, at the same time, the implicit price deflator and the fixed weight index, both indicators of inflation, were revised upwards to their highest levels since the third quarter of 1982 and the second quarter of 1982 respectively.

The Commerce Department said that the implicit price deflator had risen at an annual rate of 5.5 per cent compared with 5.1 per cent reported last month and that the fixed weight index had risen 5.0 per cent compared with 4.7 per cent reported earlier.

The reaction to these figures, which should have been slightly negative overall, was mostly muted because the real issue is whether growth decelerated in the third quarter and by how much.

Traders are more interested in today's August consumer prices data expected to show a rise of 0.4 per cent to 0.5 per cent.

The Federal Open Market Committee started its regular meeting yesterday and the markets will be looking for any signs of a shift in monetary policy, although none is expected.

Among the largest individual stock movements was Time Inc, shares in which plunged $7¼ to $108¾ at midsession after the company made a statement dispelling rumours that a management buy-out of the company was being planned.

Schlumberger, the oilfield services company, jumped $1¼ to $34 following the announcement late on Monday that its board had approved a Dutch auction self-tender for 30m, or 11 per cent, of its common shares. Under the offer, shareholders may tender their shares at between $32.50 and $37.

Interco dropped $1⅛ to $68⅞ after the company said it had rejected the $70-a-share offer by Cardinal Acquisition and had decided to adopt a key restructuring and capitalisation programme. The first step of the restructuring will be the payment to shareholders of a $25-a-share special dividend made up of cash and senior subordinated debentures.

Georgia Gulf added $2¼ to $69⅝ on speculation that the company, which manufactures polyvinyl-chloride chemicals, may benefit from interrupted supply after an explosion at a chemical plant in Norway.

Best Buy, the chain of electronic equipment and appliances stores, slumped $3⅝ to $9⅞ after saying it had abandoned plans either to put itself up for sale or to acquire another company.

Canada

DEMAND for gold stocks boosted the Toronto market at midday, with the composite index up 7.1 at 3,262.5.

Echo Bay Mines gained C$⅛ to C$19¾ and Placer Dome was unchanged at C$14¾.

ASIA PACIFIC

News of Emperor's illness speeds up Nikkei decline

Tokyo

PROFIT-TAKING and the overnight weakness on Wall Street set off a downward trend yesterday which accelerated on news that the Emperor of Japan is critically ill, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average plunged 352.42 to 27,548.58 after scoring gains for five consecutive days. The day's high was 27,878.47 and the low 27,532.44. Declines far outnumbered advances by 765 to 164. Volume reached 1.06bn shares compared with 1.05bn on Monday.

"We have a market that doesn't feel very comfortable going over 28,000, just as it doesn't feel comfortable going below 27,000," said one analyst. The Nikkei had risen over 28,000 briefly on Monday.

Yesterday Japanese shares edged a little lower in London, with the ISE/Nikkei 50 index off 1.04 at 1,793.30.

News of Emperor Hirohito's grave condition dominated the Tokyo market, giving rise to rumours that, should he die, the market might close for a few days. The week is already cut short by a holiday on Friday, so fears of being left with positions if the market were to close over an extended period set off a selling spree, according to some analysts.

"Nobody has ever experienced the death of an Emperor," said one at Daiwa Securities. "When you do not know what is going to happen, it is only natural to want to hold on to cash."

Other analysts preferred to play down the effect of the Emperor's illness, calling the fall a correction, and blaming the weakness on New York and on profit-taking by institutions facing their year-ends.

Paper and printing companies, strengthened by the possibility of increased business should new forms and documents become necessary, maintained their firm note in very heavy trading. Jujo Paper rose Y65 to Y1,050 while Oji Paper increased Y30 to Y1,480. Honshu Paper also gained Y100 to Y928 while Sanyo Kokusaku Pulp added Y67 to Y979. These paper companies were among the 10 most heavily traded issues.

Dainippon Printing was again strong, posting a Y80 gain to Y2,730. Dainippon Ink gained Y41 to Y845 in heavy trading and Toppan Printing advanced Y80 to Y2,010.

Steels mostly lost ground. Nippon Steel, the most heavily traded issue at 124m shares, lost Y13 to Y772 while Kawasaki Steel, second busiest with 88.8m shares, declined Y5 to Y815. NKK, the third most heavily traded issue at 86.8m shares, fell Y13 to Y750.

Trading in Osaka took a similar turn, with share prices ending mostly lower, except those of paper and printing companies. The OSE average lost 307.37 to 26,330.06 and volume fell to 105m shares from 136m on Monday. Honshu Paper rose by its maximum allowable daily limit, adding Y113 to Y928.

The bond market plunged under heavy selling pressure on news of the Emperor's deteriorating condition. The yield on the benchmark 105th government bond rose to 5.170 per cent, up 0.075 from Monday's close. The recent steep rise in the yield also gave traders cause for concern.

Roundup

THE RESPONSE to falls on the US and Japanese markets was mixed, with Singapore and Hoog Kong ending lower while Australia managed a small rally.

SINGAPORE fell steeply, with investors troubled by overseas declines and reports from Malaysia that 13 members of parliament had left the ruling party. The Straits Times industrial index tumbled 22.57 to 1,039.95 in low volume of 16.5m shares, up from Monday's 11.5m.

There was a disappointing debut for Tiger Balm, a subsidiary of the Haw Par trading company, which closed at S$1.65, or 5 cents below its issue price, on 675,000 shares traded. Haw Par fell 14 cents to S$3.18.

AUSTRALIA recovered a little ground as bargain-hunters picked up gold and resources stocks in spite of the weak bullion price and sharp setbacks on Wall Street and in Tokyo.

The All Ordinaries index gained 7.2 to 1,546.7 but turnover was a thin 98m shares worth A$139m.

In oils, Peko jumped 48 cents to A$1.68 on news that Santos planned to make a A$1.80 a share takeover bid. Santos shed 4 cents to A$3.66. North Broken Hill, with a 54 per cent stake in Peko, gained 17 cents to A$2.72.

HONG KONG eased further although losses were trimmed by domestic institutional buying. The Hang Seng index fell 24.35 to 2,423.23 as volume picked up slightly to HK$315m from Monday's HK$230m.

News from Japan that Emperor Hirohito was seriously ill undermined stocks in the afternoon, until bargain-hunters moved in. Cheung Kong was one of the most active stocks, losing 10 cents to HK$6.90.

SOUTH KOREA continued to slide and the composite stock index fell 3.86 to 662.55, but ended off the day's lows as institutional demand picked up in the afternoon.

The index has lost more than 7 per cent since the start of August, with investors switching their funds to property. The Olympics appear also to have diverted attention away from the equity market.

Finland's nerve wavers as issues flood in

Olli Virtanen explains why Helsinki has felt a touch of the jitters this month

A record number of new share issues and conflicting reports about tax reform, the budget and macro-economic developments have kept the Finnish stock market jittery this month.

Trading volumes on the Helsinki Stock Exchange have dropped from between FM150m ($34m) and FM200m a day in the first half of the year to well below FM100m from late August onwards as institutional investors largely pulled out of the market.

Share prices rose strongly between the end of last year and mid-summer, with the Unitas General index reaching an all-time high of 772.1 on August 8. Recently, however, it has been fluctuating, closing yesterday at 701.3. It had risen by 26 per cent from the beginning of this year until yesterday and it is 2.9 per cent higher than the pre-crash high of 681.5 on October 16, 1987.

The average price earnings ratio currently stands at 13.5 compared with London's 11.8 and New York's 13.

The volume of new share issues has already climbed to FM9.8bn since the beginning of this year, well above the previous record level of FM6.4bn in 1987.

The issuers include Valmet, the metal and engineering company which will be the first state-owned group to join the market, and Skopbank, a savings bank group and only the third bank to enter the exchange. Both will arrive later this autumn.

Even more dramatic is the development on the over-the-counter market. The number of listed companies has more than doubled from 16 at the beginning of this year to 33, and a dozen other companies have expressed interest in entering the market.

Although there is no panic in sight, the rapid growth in new issues and the underlying economic uncertainties have made investors rather nervous.

First there were fears over government tax reforms aimed at cutting corporate taxes on the one hand and scrapping numerous allowances on the other. An increase in capital gains tax was also planned.

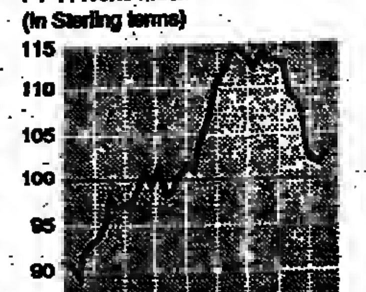
The first stage of the reform, unveiled together with the budget for 1989 last week, sent a confusing message.

"We studied the budget and the tax reform very carefully and came to the unequivocal conclusion that share prices will go up – or down," says Mr Timo Nikinmaa, chief analyst at Unitas, Finland's leading stockbroker.

He estimates that the tax reform has a slightly negative effect on the markets. But then, if investors used to receive 93 per cent of their capital gains on share sales after tax and the reform reduces this to 86 per cent, the difference is not that big, he says.

Analysts are not overly worried about current high prices or the flood of new issues. Finnish companies have performed exceptionally well during the past year or two and there is not an immediate downtrend in sight. The forest products companies have clocked up record profits and this has yet to be translated into higher prices on the HSE.

Finland
FT-A World Index
(in Sterling terms)



The markets will take time to absorb all the new issues but they should manage without major difficulties, they say.

Mr Sakari Tuomainen, managing director of KOP-Rahasto, the mutual fund, believes that the volume of new issues is not high in relation to the equally fast-growing market capitalisation.

At the end of July, the HSE market capitalisation stood at FM121.1bn compared with FM78.6bn at the end of last year. New issues came to 8 per cent of total market value compared with 8.1 per cent last year.

Foreign investors have not been very active in Helsinki, either, during the past couple of months. Besides general cautiousness, foreigners have been rather perplexed about proposals for new legislation setting a 40 per cent ceiling on foreign ownership in Finnish insurance companies.

Currently all shares in insurance are freely available to foreigners. The proposed law would leave all shares bought by foreigners before June 30 1988 free, but the ones bought after this date would be restricted. Many Finnish and foreign experts have condemned the proposal as not only harmful but also impossible to execute.

EUROPE

Tractebel speculation drives Brussels higher

TURNOVER fell back in a more cautious day in most of Europe, but rumours helped animate Belgian shares, *writes Our Markets Staff.*

BRUSSELS was strong again as speculation continued to surround engineering and energy holding company Tractebel, invoking memories of the protracted battle for Société Générale de Belgique early this year.

The forward market index surged to a new high of 5,448.75, a gain of 84.19, and the cash market index added 60.72 to 5,210.75.

Tractebel climbed BFr650 to a high for the year of BFr9,500 with about 70,000 shares changing hands amid news that the group is to decide at next Monday's board meeting how to defend itself. An unidentified buyer has a stake over 5 per cent and the company is concerned that the stakebuilder is aiming for a 25 per cent blocking minority.

Groupe Bruxelles Lambert, which has been mooted as a possible buyer – a suggestion it denies – rose BFr120 to a 1988 high of BFr3,500. Petrofina, in which Tractebel has a stake of about 10 per cent, put on BFr250 to BFr13,650.

PARIS recovered well after a weak start which featured scattered profit-taking. Activity concentrated again on a handful of stocks, with total turnover remaining low in contrast to last week's busy trading.

The CAC General index opened off 1.9 at 364.7 and the OMF 50 index ended the session up 0.49 at 370.09, revived by the positive opening on Wall Street. Volumes were estimated to be similar to or lower than Monday's FFr1.56bn.

Demand was strong for car components maker Valeo, which rose FFr12 to FFr571 with 70,000 shares traded. Luxury goods group LVMH was also busy before Thursday's shareholders' meeting, with about 46,000 shares changing hands. The stock lost FFr12 to FFr3,068 amid reports that a vote on the management structure, due to take place at the meeting, might be postponed.

Construction group Bouygues rose in late trading to end FFr2.10 higher at FFr459.90, with about 50,000 shares dealt. The company denied rumours that Mr Francis Bouygues, the chairman, had died.

FRANKFURT ran into a bout of profit-taking after its six-day advance but prices showed only small falls and buyers moved back in towards the end of the day.

Volume, however, shrank to a low DM2.49bn worth of domestic shares as the declines in New York and Tokyo and news of the Japanese Emperor's serious illness provoked a mood of caution.

The FAZ index at midsession was off 2.05 at 513.04, and the DAX index showed a closing fall of 6.68 to 1,245.98.

The approach of the end of the third quarter is a significant factor for Germany as far as foreign fund managers are concerned, said a salesman at Hoare Govett. With the recent strength in the market, and quarterly performance to justify, "anybody with an underweight position is beginning to feel a bit worried." In contrast to many other brokers, Hoare Govett does not share the bullish view of the German market and has been suggesting selling into strength.

Cars were generally easier, with VW down DM3.90 at DM259.80, although the reaction to its new mixed-currency bond appeared to be calm. Porsche, seen as having lagged the market, rose DM5 to DM555 against the trend.

Bonds moved lower, with the yield on the August 1998 federal bond edging up to 6.60 per cent from 6.59 per cent.

MILAN ended weaker, hit by Wall Street's losses and disappointment at the lack of follow-through buying after a good start to the monthly account on Monday. Investors were awaiting news on the budget deficit and government moves to abolish the parliamentary right to a secret vote.

The Comit index was off 1.89 at 524.24 and volume remained thin after Monday's L84bn – lower than some brokers expected.

There was activity in telecommunications following news that documents on the structure of Superstet, the planned financial holding company for the sector, would be published in mid-October. Stet rose L30 to L3,660 and SIP was up L15 at L2,674.

AMSTERDAM picked up in afternoon trading, encouraged by the firm opening in New York, and ended the day little changed after early losses.

The CBS all share index closed steady at 96.4 having fallen to 96.1. The Budget announced yesterday held few surprises, or shocks, and thus helped market sentiment.

Center Parcs fell Fl 8 to Fl 61.20 after Monday's annual profits forecast, which came in lower than expected. Trading group Borsumij Wehry fell 50 cents to Fl 104.50, after the previous day's news of improved first half profits.

MADRID was knocked by the previous day's news that inflation rose by 1 per cent in August, confirming the market's worst fears and forcing the Government to scrap its annual target of 3 per cent. The general index lost 2 to 276.91.

Construction stocks were the worst hit, while banks gained marginally. Telefónica, the second-largest quoted stock on the bourse, fell 2.75 percentage points to 183.25 per cent of nominal market value.

ZURICH fell back from its late strength on Monday to close slightly easier in thin trading. The Credit Suisse index fell 1.7 to 469.8.

Helvetia Accident Swiss Insurance, up SFr75 at SFr6,700, said its fire and accident subsidiaries reported rises in gross premiums in the first half. It also announced plans to increase the capital of both these companies.

London

A FIRM pound and a steady opening on Wall Street helped equities maintain their early gains, which followed news of better-than-expected domestic money supply figures. The FT-SE 100 ended 12.2 higher at 1,772.1 but volumes were low.

SOUTH AFRICA

GOLD stocks rose in light trading in Johannesburg yesterday. Gold Fields gained R5.50 to R55 on rumours that Cons Gold, steady at R73.75, would soon sell its stake. Rembrandt, the holding company, was suspended at its request at R17.10, off 30 cents.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY SEPTEMBER 19 1988					FRIDAY SEPTEMBER 16 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (85)	138.43	-2.6	122.27	116.89	4.03	142.15	125.78	118.56	152.31	91.16	180.81
Austria (16)	87.34	+0.6	77.14	84.90	2.46	86.84	76.85	84.70	98.18	83.72	102.14
Belgium (63)	118.28	+1.4	104.48	115.81	4.36	116.61	103.19	114.60	139.89	99.14	127.49
Canada (126)	117.99	-0.1	104.22	104.19	3.26	118.11	104.51	104.64	128.91	107.06	134.37
Denmark (39)	125.98	+1.0	111.27	122.94	2.42	124.69	110.33	122.14	132.72	111.42	118.74
Finland (26)	116.48	+0.2	102.88	108.07	1.59	116.21	102.83	108.29	139.53	106.78	–
France (128)	94.99	+0.7	83.90	94.65	3.43	94.37	83.50	94.41	99.62	72.77	114.50
West Germany (100)	79.12	+1.6	69.88	76.90	2.41	77.86	68.90	75.94	80.79	67.78	101.24
Hong Kong (46)	99.54	-0.4	87.92	99.83	4.88	99.99	88.48	100.25	111.86	84.90	146.73
Ireland (18)	127.92	+0.3	112.99	125.56	3.94	127.55	112.87	125.55	144.25	104.60	144.61
Italy (100)	71.21	+1.9	62.90	74.12	2.72	69.89	61.84	73.02	81.74	62.99	88.30
Japan (456)	161.23	+0.6	142.41	136.11	0.54	160.27	141.82	136.01	177.27	133.61	141.31
Malaysia (36)	138.21	-0.2	122.08	141.65	2.76	138.50	122.55	141.94	154.17	107.83	166.40
Mexico (13)	152.94	-0.2	135.09	382.35	1.42	153.18	135.54	382.35	180.07	90.07	376.25
Netherland (38)	102.15	-0.6	90.23	98.38	4.95	102.79	90.96	99.34	110.66	95.23	123.50
New Zealand (20)	69.12	-3.2	61.05	60.49	6.31	71.43	63.20	62.23	84.05	64.42	138.99
Norway (25)	111.38	-0.2	98.38	104.54	2.86	111.60	98.75	104.78	132.23	98.55	185.01
Singapore (26)	121.59	-0.2	107.39	114.22	2.40	121.89	107.86	114.78	135.89	97.99	159.42
South Africa (60)	98.26	-2.9	86.79	87.67	4.89	101.18	89.53	87.59	139.07	98.26	181.26
Spain (43)	137.82	+0.7	121.73	130.25	3.47	136.85	121.10	129.75	164.47	130.73	164.73
Sweden (35)	117.24	+1.9	103.55	111.64	2.56	115.00	101.76	110.36	125.50	96.92	130.54
Switzerland (55)	76.21	+1.5	67.32	74.63	2.27	75.09	66.45	73.72	86.75	74.13	108.65
United Kingdom (322)	123.02	-0.1	108.66	108.66	4.76	123.21	109.02	109.02	141.18	120.66	157.60
USA (580)	109.91	-0.6	97.08	109.91	3.63	110.55	97.82	110.55	112.47	99.19	126.88
Europe (1008)	102.28	+0.5	90.34	95.67	3.86	101.75	90.03	95.44	110.82	97.01	128.38
Pacific Basin (669)	157.87	+0.5	139.44	133.87	0.75	157.15	139.06	133.87	172.26	130.81	142.97
Euro-Pacific (1677)	135.64	+0.5	119.81	118.64	1.70	135.00	119.46	118.55	147.53	120.36	137.19
North America (706)	110.32	-0.6	97.45	109.57	3.61	110.94	98.17	110.21	113.29	99.78	127.28
Europe Ex. UK (686)	89.24	+1.1	78.83	87.76	3.12	88.29	78.13	87.14	92.99	80.27	110.23
Pacific Ex. Japan (213)	117.41	-1.8	103.71	105.83	4.29	119.62	105.85	107.04	128.27	87.51	163.57
World Ex. US (1876)	134.67	+0.4	118.95	117.96	1.77	134.09	118.65	117.88	146.49	120.26	137.72
World Ex. UK (2134)	125.24	+0.1	110.62	115.82	2.15	125.09	110.69	115.98	131.77	111.77	131.12
World Ex. So. Af. (2396)	125.19	+0.1	110.58	115.32	2.37	125.06	110.66	115.50	132.39	113.26	133.17
World Ex. Japan (2000)	107.68	-0.3	95.11	104.50	3.73	107.97	95.54	104.84	112.43	100.00	129.76
The World Index (2456)	125.03	+0.1	110.43	115.14	2.38	124.91	110.53	115.31	132.38	113.37	133.48

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Mexican market closed on September 16.
Latest prices were unavailable for this edition.